

INSURED

Policy Number:	DCF1200010-00
Insured:	THE ARC IN HAWAII
Line of Business:	Commercial Property Insurance
Transaction:	New
Agency:	07 SERVCO INSURANCE SERVICES
Agent:	379 TODD MOONEY
Date:	Thursday, June 07, 2012

I hereby certify that this is a true
and correct copy of the policy
issued to this named insured.

Thomas Luczak
Commercial Lines
Underwriting Manager -
6/23/20



EXHIBIT "A"

DB 000001



Dongbu Insurance

1440 Kapiolani Blvd. Suite 950, Honolulu, Hawaii 96814

**THE ARC IN HAWAII
DB 0001 0107
3989 DIAMOND HEAD ROAD**

HONOLULU HI 96816

POLICY NUMBER: DCF1200010-00

DB 000002

Privacy Notice

Dongbu Insurance Co., Ltd. (DB) recognizes the importance of respecting the privacy of our policyholders in our marketing, sales, servicing and claims settlement activities. We want to make sure that you know the steps we take to protect the privacy of the customer information we collect and, in some cases, disclose.

We encourage you to read the following information about how we collect, disclose and protect your information. No action is required on your part.

Your Privacy is Our Concern

When you apply to DB for insurance or make a claim against a policy written by DB you give us information about yourself. We must comply with certain federal and state laws and regulations that govern our collection, use, and disclosure of your information. In order to comply with those laws, and to carry out our commitment to maintaining your privacy, we do the following:

- Maintain physical, electronic, and procedural safeguards to guard your personal information;
- Limit access by our employees to your personal information;
- Train our employees about the importance of maintaining the confidentiality of your personal information; and
- Enforce compliance by our employees with privacy laws and regulations.

What kind of information do we collect?

Most of the information we collect about you we get directly from you. Generally, we can get most of the information we need to know about you from the application or claim form you complete, and any other information you provide. If we do not initially obtain all of the information we need from you, we may contact you by phone or mail to obtain more information. We may also use information we have about you from your other claims or policies with us, or from your transactions with our affiliates.

Depending on the nature of your insurance policy or claim, we may need more information about you or other people to be covered under your insurance policy. We may obtain the extra information we need from third parties, such as : (1) other insurance companies or agents; (2) government agencies ; (3) medical personnel; (4) the state motor vehicle department; (5) information clearinghouses; (6) credit reporting agencies; (7) courts; or (8) public records. A report from a consumer reporting agency may contain personal information about you such as your: (1) creditworthiness; (2) credit standing; (3) credit capacity; (4) character; (5) general reputation; (6) hobbies; (7) occupation; (8) personal characteristics; or (9) mode of living.

What do we do with the information collected about you?

We may use your information for any purpose not barred by federal or state laws or regulations. For the most part, we use your information to : (1) evaluate your request for insurance coverage; (2) determine your rates; (3) issue your insurance policy; (4) service your insurance policy; and (5) settle claims.

We may refuse to issue an insurance policy to you, or increase the premium we charge for your policy, based on information contained in a consumer report we obtain. If we do that, we will inform you, as required by state law or the federal Fair Credit Reporting Act. We will also give you the name and address of the consumer reporting agency that gave us the report.

What do we do with information we have about our former customers?

We may retain information about our former customers. That information will be maintained and disclosed to our affiliates and non-affiliated third parties, only as described in this notice.

What information do we disclose?

A. We may disclose information we collect to our affiliates to provide you with information on new products.

B. We may disclose information to affiliates and unaffiliated third parties for the purpose of servicing customers' insurance needs, performing business services for us or as otherwise permitted or required by law. For example, at times we disclose information about our policyholders such as name, address, telephone number, policy number and coverages to service providers for the provision of specific services such as inspections and appraisals after a claim and marketing our insurance products. For purpose of fraud prevention, we also participate in several insurance industry supported databases of reported claims and additional driver information. We may disclose information to organizations conducting actuarial or research studies and to companies that perform research and marketing services on our behalf. Any personally identifiable medical information about you will not be shared for any purpose other than to administer a claim, or as disclosed to you when the information is collected or to which you consent.

C. We may disclose information we have collected with financial institutions such as banks and other insurance companies with whom we have joint marketing agreements to offer other financial services and/or products.

To whom do we disclose information about you?

We do not disclose any personal information about you to anyone unless allowed by law. The law allows us to share your information with our affiliates to market products or services to you. You cannot prevent those disclosures.



1440 Kapiolani Blvd. Suite 950, Honolulu, Hawaii 96814

COMMON POLICY DECLARATIONS

POLICY NUMBER: DCF1200010-00

NAMED INSURED AND MAILING ADDRESS: THE ARC IN HAWAII DB 0001 0107 3989 DIAMOND HEAD ROAD HONOLULU HI 96816	AGENCY: 07 SERVCO INSURANCE SERVICES 700 BISHOP STREET, SUITE 1400 HONOLULU HI 96813 379 TODD MOONEY
---	--

POLICY PERIOD: From **June 4, 2012** to **June 4, 2013**
At 12:01 A.M. Standard Time at your mailing address shown above.

PREVIOUS POLICY NUMBER:

FORM OF BUSINESS: Corporation
BUSINESS DESCRIPTION: ORGANIZATION
Audit period (if applicable): Not Applicable

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED.
THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

COVERAGE PARTS	PREMIUM
COMMERCIAL PROPERTY	47,125.
TOTAL POLICY PREMIUM \$ 47,125. PREMIUM DUE at inception: \$ 47,125.	

FORMS APPLICABLE TO ALL COVERAGE PARTS: SEE FORMS SCHEDULE ATTACHED

INSURED

Countersigned on 6/7/2012

By: 

(Authorized Representative)

DIL DS 00 07 02

ISO Properties, Inc., 2001

DB 000006

SCHEDULE OF ENDORSEMENTS

Form	Title	Policy Number: DCF1200010-00
DSUP2011 1011	Commercial Property Coverage Supplemental to Declarations Page	
CP LOC 1011	Supplemental Premises Declarations	
CPMTG 1011	Supplemental Mortgageholder Declarations	
CP 0165 1298	Hawaii Changes - Domestic Abuse	
CP 0265 0901	Hawaii Changes - Cancellation and Nonrenewal	
DB CT 0907	Guarantee Agreement	
IL 0003 0907	Calculation of Premium	
IL 0017 1198	Common Policy Conditions	
IL 0154 0809	Hawaii Changes-Fraud, Concealment or Misrepresentation	
IL 0935 0702	Exclusion of Certain Computer-Related Losses	
IL 0985 0108	Disclosure Pursuant To Terrorism Risk Insurance Act	
IL 0952 0308	Caps On Losses From Certified Acts of Terrorism	
DB 0001 0107	Named Insured	
DBH0001 1106	Hurricane Ded. Endt. - applicable per covered property	
DBH0004 1106	Hurricane Limitation and Ded Endt. B.Income w/EE	
DCP0003 1210	Commercial Property Enhancement Endorsement II	
CP 0010 0607	Building and Personal Property Coverage Form	
CP 0030 0607	Business Income (and Extra Expense) Coverage Form	
CP 0405 0402	Ordinance of Law Coverage	
CP 1030 0607	Causes of Loss - Special Form	
CP 1218 0607	Loss Payable Provisions	
CP 1615 0788	Statement of Values	

COMMERCIAL PROPERTY COVERGE PART DECLARATIONS

DONGBU INSURANCE COMPANY

POLICY NUMBER: **DCF1200010-00**

EFFECTIVE DATE: **060412**

NAMED INSURED: **THE ARC IN HAWAII
DB 0001 0107**

This Coverage Part consists of this Declarations Form, the Common Policy Conditions, the Commercial Property Form and the endorsements indicated as applicable.

DESCRIPTION OF PREMISES:

See Commercial Property Supplemental Declarations DSUP2011 1011

COVERAGES PROVIDED – Insurance at the described premises applies only for Coverages for which a Limit of Insurance is shown. Optional coverages are provided only when entries are shown as being applicable.

See Commercial Property Supplemental Declarations DSUP2011 1011

MORTGAGE HOLDERS:

If Mortgage Holder is applicable, See Supplemental Mortgage Holder Declarations CPMTG 1011

TOTAL PREMIUM FOR THIS COVERAGE PART: \$ 47,125.

FORMS AND ENDORSEMENTS APPLICABLE:

See Schedule of Endorsements FORMSSCHCP 0811

**COMMERCIAL PROPERTY COVERAGE
SUPPLEMENTAL TO DECLARATIONS PAGE**

DONGBU INSURANCE COMPANY

POLICY NUMBER: **DCF1200010-00**
 NAMED INSURED: **THE ARC IN HAWAII**

DESCRIPTION OF PREMISES

LOC NO.	BLDG. NO.	LOCATION	CONSTRUCTION	OCCUPANCY
---------	-----------	----------	--------------	-----------

See Supplemental Commercial Premises Declarations

COVERAGES PROVIDED – Insurance at the described premises applies only for Coverages for which a Limit of Insurance is shown. Optional coverages are provided only when entries are shown as being applicable.

COVERAGE	LIMIT OF INSURANCE (\$)	COVERED CAUSE OF LOSS	RATES	PREMIUM (\$)
Blanket: Building & BPP	16,250,059.	Special with Theft	Gr. I Gr. II Gr. II Hurr Special	0.074 0.021 0.124 0.03
			Terror	0.002
			Cov. Total	\$40,450.

COINSURANCE :	90%
DEDUCTIBLE:	\$1,000.
HURRICANE DEDUCTIBLE PERCENTAGE:	See Hurricane Deductible Endt.
MINIMUM:	See Hurricane Deductible Endt.
EARTHQUAKE DEDUCTIBLE PERCENTAGE :	Not Applicable

OPTIONAL COVERAGES	
INFLATION GUARD:	Not Applicable
REPLACEMENT COST:	Yes
AGREED VALUE:	\$16,250,059.
OFF PREMISES POWER FAILURE:	Not Applicable
Commercial Property Enhancement Endt II	\$1,000.
	EXPIRATION DATE: 060413

**SUPPLEMENTAL DECLARATIONS
COMMERCIAL PROPERTY COVERAGE PART**

DONGBU INSURANCE COMPANY

POLICY NUMBER: **DCF1200010-00**
 NAMED INSURED: **THE ARC IN HAWAII**

DESCRIPTION OF PREMISES

LOC NO.	BLDG. NO.	LOCATION	CONSTRUCTION	OCCUPANCY
---------	-----------	----------	--------------	-----------

See Supplemental Commercial Premises Declarations

COVERAGES PROVIDED – Insurance at the described premises applies only for Coverages for which a Limit of Insurance is shown. Optional coverages are provided only when entries are shown as being applicable.

COVERAGE	LIMIT OF INSURANCE (\$)	COVERED CAUSE OF LOSS	RATES	PREMIUM (\$)
Blanket Business Income	1,927,200.	Special with Theft	Gr. I Gr. II Gr. II Hurr Special	0.054 0.015 0.083 0.098
			Terror	0.002
			Cov. Total	20. 4,823.

COINSURANCE:

90%

HURRICANE DEDUCTIBLE PERIOD

See Hurricane Deductible Endt.**OPTIONAL COVERAGES**

AGREED VALUE:

\$1,927,200.EXPIRATION DATE: **060413**

OFF PREMISES POWER FAILURE:

Not Applicable

MONTHLY LIMIT OF INDEMNITY (FRACTION):

Not Applicable

MAXIMUM PERIOD OF INDEMNITY:

Not Applicable

EXTENDED PERIOD OF INDEMNITY (DAYS):

Not Applicable

**SUPPLEMENTAL DECLARATIONS
COMMERCIAL PROPERTY COVERAGE PART**

DONGBU INSURANCE COMPANY

POLICY NUMBER: **DCF1200010-00**
 NAMED INSURED: **THE ARC IN HAWAII**

DESCRIPTION OF PREMISES

LOC	BLDG.	LOCATION	CONSTRUCTION	OCCUPANCY
NO.	NO.			

1 1 See Supplemental Commercial Premises Declarations

COVERAGES PROVIDED – Insurance at the described premises applies only for Coverages for which a Limit of Insurance is shown. Optional coverages are provided only when entries are shown as being applicable.

COVERAGE	LIMIT OF INSURANCE (\$)	COVERED CAUSE OF LOSS	RATES	PREMIUM (\$)
Demolition cost	250,000.	Special with Theft	Gr. I Gr. II Gr. II Hurr Special	0.094 0.014 0.073 0.019
			Terror	0.002
			Cov. Total	5. 501.

COINSURANCE:	Not Applicable
DEDUCTIBLE:	\$1,000.
HURRICANE DEDUCTIBLE	
PERCENTAGE:	2%
MINIMUM:	\$5,000.
EARTHQUAKE DEDUCTIBLE	
PERCENTAGE :	Not Applicable

OPTIONAL COVERAGES		
INFLATION GUARD:	Not Applicable	
REPLACEMENT COST:	Yes	
AGREED VALUE:	\$250,000.	EXPIRATION DATE: 060413
OFF PREMISES POWER FAILURE:	Not Applicable	

DONGBU INSURANCE COMPANY

POLICY NUMBER: **DCF1200010-00** EFFECTIVE DATE: **060412**

NAMED INSURED: **THE ARC IN HAWAII
DB 0001 0107**

LOC #	BLDG#	LOCATION ADDRESS:			CONSTRUCTION	OCCUPANCY	
1	1	3989	DIAMOND HEAD ROAD	HONOLULU	HI	96816	JOISTED MASONRY
1	2	3989	DIAMOND HEAD ROAD	HONOLULU	HI	96816	JOISTED MASONRY
1	3	3989	DIAMOND HEAD ROAD	HONOLULU	HI	96816	JOISTED MASONRY
1	4	3989	DIAMOND HEAD ROAD	HONOLULU	HI	96816	JOISTED MASONRY
2	1	83	KIHAPAI STREET	KAILUA	HI	96734	JOISTED MASONRY
3	1	94-060	A & B POAILANI CR.	WAIPAHU	HI	96797	JOISTED MASONRY
4	1	852 &	852A PAAHANA STREET	HONOLULU	HI	96816	FRAME

DONGBU INSURANCE COMPANY

POLICY NUMBER: **DCF1200010-00** EFFECTIVE DATE: **060412**

NAMED INSURED: **THE ARC IN HAWAII**
DB 0001 0107

LOC #	BLDG#	LOCATION ADDRESS:			CONSTRUCTION	OCCUPANCY
5	1	1019	KAMEHAME DR		FRAME	
		HONOLULU	HI	96825		
6	1	1660 &	1660 A LUSITANA ST		FRAME	
		HONOLULU	HI	96813		
7	1	1703	FERN STREET		FRAME	
		HONOLULU	HI	96826		
8	1	149	KUAHIWI AVE		FRAME	
		WAHIAWA	HI	96786		
9	1	140 A & B	KUAHIWI AVE		FRAME	
		WAHIAWA	HI	96786		
10	1	99-545	HALAWA HEIGHTS ROAD		FRAME	
		AIEA	HI	96701		
11	1	811	9TH AVENUE		FRAME	
		HONOLULU	HI	96816		

DONGBU INSURANCE COMPANY

POLICY NUMBER: **DCF1200010-00** EFFECTIVE DATE: **060412**

NAMED INSURED: **THE ARC IN HAWAII**
DB 0001 0107

LOC #	BLDG#	LOCATION ADDRESS:			CONSTRUCTION	OCCUPANCY
12	1	3705	MAHINA AVE		FRAME	
		HONOLULU	HI	96816		
13	1	91-824C	HANAKAHI STREET		FRAME	
		EWA BEACH	HI	96706		
13	2	91-824A	HANAKAHI STREET		FRAME	
		EWA BEACH	HI	96706		
13	3	91-824B	HANAKAHI STREET		FRAME	
		EWA BEACH	HI	96706		
14	1	1660 B	& C LUSITANA STREET		FRAME	
		HONOLULU	HI	96813		
15	1	1174	WAIMANO HOME ROAD		FRAME	
		PEARL CITY	HI	96782		
			HI			

DONGBU INSURANCE COMPANY

POLICY NUMBER: **DCF1200010-00** EFFECTIVE DATE: **060412**

NAMED INSURED: **THE ARC IN HAWAII
DB 0001 0107**

LOC # BLDG # NAME AND MAILING ADDRESS:

**2 1 US DEPT. OF HOUSING & URBAN
DEV. HONOLULU FIELD OFFICE
500 ALA MOANA BLVD STE#3A**

HONOLULU HI 96813

**3 1 US DEPT. OF HOUSING & URBAN
DEV. HONOLULU FIELD OFFICE
500 ALA MOANA BLVD STE#3A**

HONOLULU HI 96813

**4 1 US DEPT. OF HOUSING & URBAN
DEV. HONOLULU FIELD OFFICE
500 ALA MOANA BLVD STE#3A**

HONOLULU HI 96813

**5 1 US DEPT. OF HOUSING & URBAN
DEV. HONOLULU FIELD OFFICE
500 ALA MOANA BLVD STE#3A**

HONOLULU HI 96813

**6 1 US DEPT. OF HOUSING & URBAN
DEV. HONOLULU FIELD OFFICE
500 ALA MOANA BLVD STE#3A**

HONOLULU HI 96813

DONGBU INSURANCE COMPANY

POLICY NUMBER: **DCF1200010-00** EFFECTIVE DATE: **060412**

NAMED INSURED: **THE ARC IN HAWAII
DB 0001 0107**

LOC # BLDG # NAME AND MAILING ADDRESS:

**7 1 US DEPT. OF HOUSING & URBAN
DEV. HONOLULU FIELD OFFICE
500 ALA MOANA BLVD STE#3A**

HONOLULU HI 96813

**8 1 US DEPT. OF HOUSING & URBAN
DEV. HONOLULU FIELD OFFICE
500 ALA MOANA BLVD STE#3A**

HONOLULU HI 96813

**9 1 US DEPT. OF HOUSING & URBAN
DEV. HONOLULU FIELD OFFICE
500 ALA MOANA BLVD STE#3A**

HONOLULU HI 96813

**10 1 US DEPT. OF HOUSING & URBAN
DEV. HONOLULU FIELD OFFICE
500 ALA MOANA BLVD STE#3A**

HONOLULU HI 96813

**11 1 US DEPT. OF HOUSING & URBAN
DEV. HONOLULU FIELD OFFICE
500 ALA MOANA BLVD STE#3A**

HONOLULU HI 96813

DONGBU INSURANCE COMPANY

POLICY NUMBER: **DCF1200010-00** EFFECTIVE DATE: **060412**

NAMED INSURED: **THE ARC IN HAWAII
DB 0001 0107**

LOC # BLDG # NAME AND MAILING ADDRESS:

**12 1 US DEPT. OF HOUSING & URBAN
DEV. HONOLULU FIELD OFFICE
500 ALA MOANA BLVD STE#3A**

HONOLULU HI 96813

**13 1 US DEPT. OF HOUSING & URBAN
DEV. HONOLULU FIELD OFFICE
500 ALA MOANA BLVD STE#3A**

HONOLULU HI 96813

**13 2 US DEPT. OF HOUSING & URBAN
DEV. HONOLULU FIELD OFFICE
500 ALA MOANA BLVD STE#3A**

HONOLULU HI 96813

**13 3 US DEPT. OF HOUSING & URBAN
DEV. HONOLULU FIELD OFFICE
500 ALA MOANA BLVD STE#3A**

HONOLULU HI 96813

**14 1 US DEPT. OF HOUSING & URBAN
DEV. HONOLULU FIELD OFFICE
500 ALA MOANA BLVD STE#3A**

HONOLULU HI 96813

DONGBU INSURANCE COMPANY

POLICY NUMBER: **DCF1200010-00** EFFECTIVE DATE: **060412**

NAMED INSURED: **THE ARC IN HAWAII
DB 0001 0107**

LOC # BLDG # NAME AND MAILING ADDRESS:

**15 1 CITY & COUNTY OF HONOLULU
DEPT. OF BUDGET & FISCAL SERVICES
530 S. KING STREET RM 208**

HONOLULU HI 96813

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HAWAII CHANGES – DOMESTIC ABUSE

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A.** The following exclusion and related provisions are added to Paragraph **B.2. Exclusions** in the Causes Of Loss Forms and to any Coverage Form or policy to which a Causes Of Loss Form is not attached:
1. We will not pay for loss or damage arising out of any act committed:
 - a. By or at the direction of any insured; and
 - b. With the intent to cause a loss.
 2. However, this exclusion will not apply to deny an insured's claim for an otherwise covered property loss if such loss is caused by an act of "domestic abuse" by another insured under the policy, and the insured making claim:
 - a. Files a police report and cooperates with any law enforcement investigation relating to the act of "domestic abuse"; and
 - b. Did not cooperate in or contribute to the creation of the loss.
 3. If we pay a claim pursuant to Paragraph **A.2.**, our payment to the insured is limited to that insured's insurable interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

- B.** The following is added to the **Transfer Of Rights Of Recovery Against Others To Us** Common Policy Condition:

If we pay an insured, who is a victim of "domestic abuse", for a loss caused by an act of "domestic abuse", the rights of that insured to recover damages from the perpetrator of the abuse are transferred to us to the extent of our payment. That insured may not waive such rights to recover against the perpetrator of the "domestic abuse".

- C.** As used in this endorsement, "domestic abuse" means:

1. Physical harm, bodily injury, assault or the infliction of fear of imminent physical harm, bodily injury or assault between family or household members;
2. Sexual assault of one family or household member by another;
3. Stalking of one family or household member by another family or household member; or
4. Intentionally, knowingly or recklessly causing damage to property so as to intimidate or attempt to control the behavior of another family or household member.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HAWAII CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A.** The following provision applies except when Paragraph **C.** of this endorsement applies:

The following is added to the Common Policy Conditions and supersedes any provision to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail or deliver to the first Named Insured written notice of nonrenewal, stating the reasons for nonrenewal, at least 30 days prior to the expiration of this policy.
2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

- B.** When insurance is provided under the:

1. Legal Liability Coverage Form; or
2. Mortgageholders Errors and Omissions Coverage Form;

Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following:

We may cancel this policy prior to the expiration of the agreed term, or one year from the effective date of the policy or renewal, whichever is less, only for one or more of the following reasons, by delivering to the first Named Insured written notice of cancellation, at least 30 days before the effective date of cancellation:

1. Nonpayment of premium;
2. Fraud or material misrepresentation;
3. Substantial increase in the risk hazard, except to the extent that we should have reasonably foreseen the change when entering into the contract;

4. Substantial breaches of contractual duties, conditions or warranties;
5. Violation of any local fire, health or safety statute or ordinance;
6. Conviction of the Named Insured for a crime having as one of its necessary elements, an act increasing any hazard that is insured against;
7. Determination by the insurance commissioner that the continuation of the policy places us in violation of Chapter 431, Hawaii Revised Statutes; or
8. Any good faith reason with the approval of the insurance commissioner.

- C.** When insurance is provided under the:

1. Legal Liability Coverage Form; or
2. Mortgageholders Errors and Omissions Coverage Form;

the following is added and supersedes any provision to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail or deliver to the first Named Insured written notice of nonrenewal, stating the reasons for nonrenewal, at least 45 days prior to the expiration of this policy.
2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GUARANTEE AGREEMENT

It is understood and agreed by Dongbu Insurance Co., Ltd. (Dongbu Korea) that in the event the U.S. Branch fails to pay any loss thereunder for which the U.S. Branch is legally liable, Dongbu Korea will immediately and automatically become liable for 100% of any loss payable under the said policy and will make payment thereof directly to the Insured(s) named in said policy and the Mortgagee or Beneficiary under any present or future mortgage or trust deed, if any, as their respective interests may appear, subject always to other terms of said policy. As a condition precedent to payment hereunder, Dongbu Korea and its U.S. Branch shall be subrogated to all rights of the Insured(s) and Mortgagee or Beneficiary to the extent of such payment.

It is further understood and agreed that such payment shall fully discharge and release Dongbu Korea and its U.S. Branch from any and all liability in respect of the said claims to the extent of such payment.

IL 00 03 09 07

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALCULATION OF PREMIUM

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

IL 01 54 08 09

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HAWAII CHANGES – FRAUD, CONCEALMENT OR MISREPRESENTATION

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL COVERAGES, CONDITIONS,
DEFINITIONS
LIVESTOCK COVERAGE FORM
MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM

The following is added to the **Concealment, Misrepresentation Or Fraud** Condition:

However, a misrepresentation in an application for this insurance policy, or in negotiations for this insurance policy, shall not be grounds for voiding the policy, but shall prevent recovery under this insurance if such misrepresentation:

1. Was made with actual intent to deceive; or
2. Materially affects either the acceptance of the risk or the hazard assumed by us.

IL 09 35 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

A. We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.

1. The failure, malfunction or inadequacy of:
 - a. Any of the following, whether belonging to any insured or to others:
 - (1) Computer hardware, including microprocessors;
 - (2) Computer application software;
 - (3) Computer operating systems and related software;
 - (4) Computer networks;
 - (5) Microprocessors (computer chips) not part of any computer system; or
 - (6) Any other computerized or electronic equipment or components; or
 - b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.

B. If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:

1. In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
2. Under the Commercial Property Coverage Part:
 - a. In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or
 - b. In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.

C. We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

POLICY NUMBER: DCF1200010-00

IL 09 85 01 08

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

Terrorism Premium (Certified Acts) \$ INCLUDED

This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(s):

Additional information, if any, concerning the terrorism premium:

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

IL 09 52 03 08

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

Dongbu Insurance Company
1440 Kapiolani Boulevard, Suite 950
Honolulu, Hawaii 96814

DB 00 01 01 07

NAMED INSURED ENDORSEMENT

This endorsement effective **06-04-2012** (12:01 A.M. standard time) forms a part of
Policy No. **DCF1200010-00**
Issued to: **THE ARC IN HAWAII**

Named Insured to read as follows:

THE ARC IN HAWAII
ARC OF HAWAII HOUSING PROJECT NO. 7 INC.
ARC OF HAWAII HOUSING PROJECT NO. 8 INC.
ARC OF HAWAII HOUSING PROJECT NO. 10 INC.
ARC OF HAWAII HOUSING PROJECT NO. 11 INC.
ARC OF HAWAII HOUSING PROJECT NO. 12 INC.

DB 00 01 01 07

DB 000028

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

HURRICANE DEDUCTIBLE ENDORSEMENT - APPLICABLE PER COVERED PROPERTY

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORMS
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE
COMMERCIAL PROPERTY CONDITIONS

In the event of loss or damage to Covered Property caused directly or indirectly by wind, hail or Lightning during a "hurricane", the DEDUCTIBLE section is replaced by the following Hurricane Deductible Schedule and Hurricane Deductible Clause, and the applicable deductible(s) as described in the Hurricane Deductible Clause shall apply in lieu of the Deductible(s) shown in the Declarations. The provisions of this endorsement shall also apply to any ensuing loss or damage that is caused by a Covered Cause of Loss other than wind, hail or lightning during a "hurricane", regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage, provided that such ensuing loss or damage would not have occurred but for wind, hail or lightning sustained during a "hurricane". All such ensuing loss or damage shall be considered to be caused by wind, hail or lightning during a "hurricane".

The terms of this endorsement shall not be construed to delete or modify any of the exclusions in the applicable Causes of Loss form(s) or Endorsements attached to this policy.

A. HURRICANE DEDUCTIBLE SCHEDULE

The applicable Hurricane Deductible Percentage(s) and Hurricane Minimum Deductible(s) are shown in the table below.

Loc. No.	Bldg. No.	Type of Covered Property*	Hurricane Deductible Percentage	Hurricane Minimum Deductible
001	1-4	BLDG & BPP	2%	5000
002	001	BLDG & BPP	2%	5000
003	001	BLDG & BPP	2%	5000
004	001	BLDG & BPP	2%	5000
005	001	BLDG & BPP	2%	5000
006	001	BLDG & BPP	2%	5000
007	001	BLDG & BPP	2%	5000
008	001	BLDG & BPP	2%	5000

* "Bldg." = Building(s) "YBPP" = Your Business Personal Property "PPO" = Personal Property of others

B. Hurricane Deductible Clause

1. We will not pay for loss or damage caused by wind, hail or lightning during a "hurricane" until the amount of the loss or damage exceeds the amount of the Hurricane Deductible or the Hurricane Minimum Deductible, whichever is greater. We will then pay the amount of the covered loss or damage up to the applicable Limit of Insurance.
2. The amount of the applicable Hurricane Minimum Deductible is shown in the Hurricane Deductible Schedule. The amount of the applicable Hurricane Deductible is determined by applying the Hurricane Deductible Percentage shown in the Hurricane Deductible Schedule to the greater of the following:
 - a. Actual Cash Value; or
 - b. Replacement Value, but only if Optional Coverage Replacement Cost is indicated in the Declarations as being applicable to this policy.
3. If any property is covered under the Coverage Extension for Newly Acquired or Constructed Property, such Property will be deemed to be shown on the Hurricane Deductible Schedule with a 10% Hurricane Deductible Percentage and a Hurricane Minimum Deductible of \$25,000.

C. Definitions as respects this Endorsement

"Hurricane" means a storm or storm system that has been declared and defined by the Central Pacific Hurricane Center of the National Weather Service to be a hurricane and to include the time period in each island in the State of Hawaii defined as follows:

1. Beginning at the time a hurricane "watch" or "warning" is issued by the Central Pacific Hurricane Center of the National Weather Service for the island where the Covered Property is located;
2. Continuing for the duration that hurricane conditions exist in the island; and
3. Ending 72 hours following the cancellation of the "watch" or "warning" for the island by the Central Pacific Hurricane Center of the National Weather Service.

POLICY NUMBER: DCF1200010-00

COMMERCIAL PROPERTY
DBH 00 01 11 06**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY****HURRICANE DEDUCTIBLE ENDORSEMENT
- APPLICABLE PER COVERED PROPERTY**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORMS
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE
COMMERCIAL PROPERTY CONDITIONS

In the event of loss or damage to Covered Property caused directly or indirectly by wind, hail or Lightning during a "hurricane", the DEDUCTIBLE section is replaced by the following Hurricane Deductible Schedule and Hurricane Deductible Clause, and the applicable deductible(s) as described in the Hurricane Deductible Clause shall apply in lieu of the Deductible(s) shown in the Declarations. The provisions of this endorsement shall also apply to any ensuing loss or damage that is caused by a Covered Cause of Loss other than wind, hail or lightning during a "hurricane", regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage, provided that such ensuing loss or damage would not have occurred but for wind, hail or lightning sustained during a "hurricane". All such ensuing loss or damage shall be considered to be caused by wind, hail or lightning during a "hurricane".

The terms of this endorsement shall not be construed to delete or modify any of the exclusions in the applicable Causes of Loss form(s) or Endorsements attached to this policy.

A. HURRICANE DEDUCTIBLE SCHEDULE

The applicable Hurricane Deductible Percentage(s) and Hurricane Minimum Deductible(s) are shown in the table below.

Loc. No.	Bldg. No.	Type of Covered Property*	Hurricane Deductible Percentage	Hurricane Minimum Deductible
009	001	BLDG & BPP	2%	5000
010	001	BLDG & BPP	2%	5000
011	001	BLDG & BPP	2%	5000
012	001	BLDG & BPP	2%	5000
013	1-3	BLDG & BPP	2%	5000
014	001	BLDG & BPP	2%	5000
015	001	BLDG & BPP	2%	5000

* "Bldg." = Building(s) "YBPP" = Your Business Personal Property "PPO" = Personal Property of others

B. Hurricane Deductible Clause

1. We will not pay for loss or damage caused by wind, hail or lightning during a "hurricane" until the amount of the loss or damage exceeds the amount of the Hurricane Deductible or the Hurricane Minimum Deductible, whichever is greater. We will then pay the amount of the covered loss or damage up to the applicable Limit of Insurance.
2. The amount of the applicable Hurricane Minimum Deductible is shown in the Hurricane Deductible Schedule. The amount of the applicable Hurricane Deductible is determined by applying the Hurricane Deductible Percentage shown in the Hurricane Deductible Schedule to the greater of the following:
 - a. Actual Cash Value; or
 - b. Replacement Value, but only if Optional Coverage Replacement Cost is indicated in the Declarations as being applicable to this policy.
3. If any property is covered under the Coverage Extension for Newly Acquired or Constructed Property, such Property will be deemed to be shown on the Hurricane Deductible Schedule with a 10% Hurricane Deductible Percentage and a Hurricane Minimum Deductible of \$25,000.

C. Definitions as respects this Endorsement

"Hurricane" means a storm or storm system that has been declared and defined by the Central Pacific Hurricane Center of the National Weather Service to be a hurricane and to include the time period in each island in the State of Hawaii defined as follows:

1. Beginning at the time a hurricane "watch" or "warning" is issued by the Central Pacific Hurricane Center of the National Weather Service for the island where the Covered Property is located;
2. Continuing for the duration that hurricane conditions exist in the island; and
3. Ending 72 hours following the cancellation of the "watch" or "warning" for the island by the Central Pacific Hurricane Center of the National Weather Service.

POLICY NUMBER: DCF1200010-00

COMMERCIAL PROPERTY
DBH 00 04 11 06**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

HURRICANE LIMITATION AND DEDUCTIBLE ENDORSEMENT - BUSINESS INCOME AND EXTRA EXPENSE

This endorsement modifies insurance provided under the following:

BUSINESS INCOME COVERAGE FORM (AND EXTRA EXPENSE)

This endorsement limits coverage for loss of Business Income and Extra Expense caused by or resulting from wind, hail or lightning during a "hurricane." Except as specifically stated herein, in all other respects, the policy terms and conditions remain the same.

The terms of this Endorsement apply solely to Business income and Extra Expense, and in no way shall they be construed to provide coverage for direct damage to property caused by or resulting from wind, hail or lightning during a "hurricane." Additionally, the terms of this endorsement shall not be construed to delete or modify any of the exclusions in the applicable Causes of Loss form(s) or Endorsements attached to this policy.

In the event you sustain loss of Business Income or incur Extra Expense due to the direct physical loss of or damage to property at the premises described in the schedule below caused directly or indirectly by wind, hail or lightning during a "hurricane", the following Special Provisions Applicable to "Hurricane" shall apply. The provisions of this endorsement shall also apply to any ensuing loss or expense that is caused by a Covered Cause of Loss other than wind, hail or lightning during a "hurricane", regardless of any other cause or event that contributes concurrently or in any sequence to the loss or expense, provided that such ensuing loss or expense would not have occurred but for wind, hail or lightning sustained during a "hurricane". All such ensuing loss and expense shall be considered to be caused by wind, hail or lightning during a "hurricane."

"Hurricane" deductible schedule

Location No.	Building No.	"Deductible Period" No. of Days
002	001	21
003	001	21
004	001	21
005	001	21
006	001	21
007	001	21
008	001	21

Special Provisions Applicable to "Hurricane"

A. Hurricane Deductible Clause

1. We will not pay for loss of Business Income you sustain or Extra Expense you incur due to the necessary suspension of your "operations" during the "deductible period"
2. During the "Deductible Period", we will pay any necessary expenses you incur, except the cost of extinguishing a fire, to reduce the amount of loss that we would pay for Business Income and Extra Expense. However, we will not pay for such expenses to the extent that they exceed the amount of loss we would have had to pay:
 - a. If you have not incurred the expenses, and
 - b. After the full application of Section A of the Hurricane Deductible Clause.

B. The following portions of the Business Income Coverage form are modified as indicated below

1. **Section A. 3. b. Additional Coverages -Civil Authority** is amended by deleting the last sentence of the clause, and substituting the following sentence:

This coverage will apply for a period of up to two consecutive weeks from the date immediately after the "deductible period"

2. **Section A. 4 Coverage Extension - Newly Acquired Locations is amended by adding the following clause:**

d. Any newly acquired location to which this Section applies will be deemed to be added to the "Hurricane" Deductible Schedule with a "Deductible Period" of 30 days.

3. **Section D. 3. Limitation - Electronic Media and Records** is deleted and the following substituted therefore:

We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

- a. 60 consecutive days from the date immediately after the "deductible period" ; or
- b. The period, beginning from the date immediately after the "deductible period" necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records

- (1) Electronic data processing, recording or storage media, such as films, tapes, discs, drums or cells;
- (2) Data stored on such media; or
- (3) Programming records used for electronic data processing or electronically controlled equipment

C. Additional Definitions

The following are added to **Section G. Definitions:**:

6. "**Hurricane**" means a storm or storm system that has been declared and defined by the Central Pacific Hurricane Center of the National Weather Service to be a hurricane and to include the time period in each island in the State of Hawaii defined as follows:

1. Beginning at the time a hurricane "watch" or "warning" is issued by the Central Pacific Hurricane Center of the National Weather Service for the island where the Covered Property is located;
2. Continuing for the duration that hurricane conditions exist in the island; and
3. Ending 72 hours following the cancellation of the "watch" or "warning" for the island by the Central Pacific Hurricane Center of the National Weather Service

7. "**Deductible Period**" means the number of consecutive days shown in the schedule above beginning with the date of direct physical loss or damage to property caused by or resulting from wind, rain or lightning during a "hurricane" at the described premises.

POLICY NUMBER: DCF1200010-00

COMMERCIAL PROPERTY
DBH 00 04 11 06**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

HURRICANE LIMITATION AND DEDUCTIBLE ENDORSEMENT - BUSINESS INCOME AND EXTRA EXPENSE

This endorsement modifies insurance provided under the following:

BUSINESS INCOME COVERAGE FORM (AND EXTRA EXPENSE)

This endorsement limits coverage for loss of Business Income and Extra Expense caused by or resulting from wind, hail or lightning during a "hurricane." Except as specifically stated herein, in all other respects, the policy terms and conditions remain the same.

The terms of this Endorsement apply solely to Business income and Extra Expense, and in no way shall they be construed to provide coverage for direct damage to property caused by or resulting from wind, hail or lightning during a "hurricane." Additionally, the terms of this endorsement shall not be construed to delete or modify any of the exclusions in the applicable Causes of Loss form(s) or Endorsements attached to this policy.

In the event you sustain loss of Business Income or incur Extra Expense due to the direct physical loss of or damage to property at the premises described in the schedule below caused directly or indirectly by wind, hail or lightning during a "hurricane", the following Special Provisions Applicable to "Hurricane" shall apply. The provisions of this endorsement shall also apply to any ensuing loss or expense that is caused by a Covered Cause of Loss other than wind, hail or lightning during a "hurricane", regardless of any other cause or event that contributes concurrently or in any sequence to the loss or expense, provided that such ensuing loss or expense would not have occurred but for wind, hail or lightning sustained during a "hurricane". All such ensuing loss and expense shall be considered to be caused by wind, hail or lightning during a "hurricane."

"Hurricane" deductible schedule

Location No.	Building No.	"Deductible Period" No. of Days
009	001	21
010	001	21
011	001	21
012	001	21
013	1-3	21
014	001	21
015	001	21

A. Hurricane Deductible Clause

1. We will not pay for loss of Business Income you sustain or Extra Expense you incur due to the necessary suspension of your "operations" during the "deductible period."
2. During the "Deductible Period", we will pay any necessary expenses you incur, except the cost of extinguishing a fire, to reduce the amount of loss that we would pay for Business Income and Extra Expense. However, we will not pay for such expenses to the extent that they exceed the amount of loss we would have had to pay:
 - a. If you have not incurred the expenses, and
 - b. After the full application of Section A of the Hurricane Deductible Clause.

B. The following portions of the Business Income Coverage form are modified as indicated below

1. **Section A. 3. b. Additional Coverages -Civil Authority** is amended by deleting the last sentence of the clause, and substituting the following sentence:

This coverage will apply for a period of up to two consecutive weeks from the date immediately after the "deductible period"

2. **Section A. 4 Coverage Extension - Newly Acquired Locations is amended by adding the following clause:**

d. Any newly acquired location to which this Section applies will be deemed to be added to the "Hurricane" Deductible Schedule with a "Deductible Period" of 30 days.

3. **Section D. 3. Limitation - Electronic Media and Records** is deleted and the following substituted therefore:

We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

- a. 60 consecutive days from the date immediately after the "deductible period"; or
- b. The period, beginning from the date immediately after the "deductible period" necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records

- (1) Electronic data processing, recording or storage media, such as films, tapes, discs, drums or cells;
- (2) Data stored on such media; or
- (3) Programming records used for electronic data processing or electronically controlled equipment

C. Additional Definitions

The following are added to **Section G. Definitions:**

6. "**Hurricane**" means a storm or storm system that has been declared and defined by the Central Pacific Hurricane Center of the National Weather Service to be a hurricane and to include the time period in each island in the State of Hawaii defined as follows:
 1. Beginning at the time a hurricane "watch" or "warning" is issued by the Central Pacific Hurricane Center of the National Weather Service for the island where the Covered Property is located;
 2. Continuing for the duration that hurricane conditions exist in the island; and
 3. Ending 72 hours following the cancellation of the "watch" or "warning" for the island by the Central Pacific Hurricane Center of the National Weather Service
7. "**Deductible Period**" means the number of consecutive days shown in the schedule above beginning with the date of direct physical loss or damage to property caused by or resulting from wind, rain or lightning during a "hurricane" at the described premises.

DONGBU INSURANCE CO., LTD. (U.S. BRANCH)

COMMERCIAL PROPERTY POLICY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL PROPERTY ENHANCEMENT ENDORSEMENT II

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME COVERAGE FORM
CAUSES OF LOSS – SPECIAL FORM

Your policy is amended as follows:

A. **Building and Personal Property Coverage Form**, Section A. **Coverages**, is amended as follows:

1. Paragraph **A.1.a. Building**, item **(5)(b)** is replaced by the following:
 - (b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures.
2. Paragraph **A.1.b. Your Business Personal Property** is amended by the following:

Reference to 100 feet is amended to 1,000 feet of the described premises.

B. **Building and Personal Property Coverage Form**, Section A. **Coverages**, Paragraph **A.4. Additional Coverages**, is amended as set forth below. The following Additional Coverages do not increase the applicable limit of insurance except as specifically provided in section **C. Limits of Insurance** of the **Building and Personal Property Coverage Form** and this endorsement.

1. Items **a.** and **c.** are replaced by the following:

a. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:
 - (a) The date of direct physical loss or damage; or
 - (b) The end of the policy period.

(2) The most we will pay under this additional coverage is 25% of:

- (a) The amount we pay for the direct physical loss of or damage to Covered Property; plus
- (b) The deductible in this policy applicable to that loss or damage; plus
- (c) Any additional debris removal limit provided in Paragraph (4) below.

(3) This Additional Coverage does not apply to costs to:

- (a) Extract "pollutants" from land or water; or
- (b) Remove, restore or replace polluted land or water.

(4) If:

- (a) The sum of the direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
- (b) The debris removal expense exceeds the amount payable under the 25% Debris Removal coverage limitation in Paragraph (2) above;

We will pay up to an additional \$25,000 for each location in any one occurrence under the Debris Removal Coverage Extension.

c. **Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss we will pay up to \$25,000 for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

2. **Building and Personal Property Coverage Form**, the last Paragraph of item **A.4.d. Pollutant Clean Up and Removal**, is deleted and replaced by the following:

The most we will pay for each location under this Additional Coverage is \$50,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

3. **Building and Personal Property Coverage Form**, Paragraph **A.4.** is amended to include the following additional coverages for lessor's risk exposures:

e. **Lessor's Leasehold Interest**

(1) We will pay for the cost of Covered Leasehold Interest loss that you sustain due to the cancellation of lease contracts by your tenants. The cancellation must result from direct physical loss of or damage to your Covered Property at the premises described in the Declarations, caused by or resulting from a Covered Cause of Loss during the term of the policy.

(2) **Covered Leasehold Interest**

(a) Means the amount of rent that you are unable to collect at the described premises due to authorized cancellation of leases by your tenants;

(b) Does not mean refunds or rebates of:

(i) Prepaid rent;

(ii) Security or other deposits made by your tenants; or

(iii) Insurance, taxes or other payments made on your behalf by tenants.

(c) Does not mean amounts that you are unable to collect from tenants due to the tenants' breach of the terms or conditions of the lease.

(3) The most we will pay under this Additional Coverage is the smallest of:

(a) Your Covered Leasehold Interest for the 12 months immediately following the "Period of Restoration" and ending with the normal expiration date of each cancelled lease; or

(b) \$25,000 for all Covered Leasehold Interest of all your tenants canceling their leases arising out of an occurrence at the described premises.

The definition of "Period of Restoration" follows the definition contained in the Business Income Coverage Form.

(4) **Causes of Loss – Special Form**, section **B. Exclusions**, Paragraph **4. b. Leasehold Interest Coverage Form**, item (2) does not apply, but only to the extent of the coverage provided by this endorsement. This exclusion will continue to apply to loss or damage that is over the limit of insurance provided under this Additional Coverage.

f. Special Event Cancellation

(1) We will pay for any charges you incur as penalties for having to cancel a promotional event or other special event that was to be held at the described premises. The cancellation must be due to direct physical loss of or damage to your Covered Property caused by or resulting from a Covered Cause of Loss during the term of the policy.

(2) The most we will pay under this Additional Coverage for the cancellation of a promotional or special event is \$25,000 per event.

g. Tenant Move Back Expenses

- (1) We will reimburse you for expenses you pay for Covered Move Back Costs of your tenants who temporarily vacate a portion of the building at the described premises. The vacancy must have occurred while the portion of the building rented by your tenant could not be occupied due to direct physical loss of or damage to your Covered Property caused by or resulting from a Covered Cause of Loss during the term of the policy. The move back must take place within 60 days after the portion of the building rented by your tenant has been repaired or rebuilt and is ready for occupancy.
- (2) Covered Move Back Costs means only documented, reasonable and necessary costs of:
 - (a) Packing, insuring and transporting business personal property;
 - (b) Re-establishing electric utility and communication services, less refunds from discontinued services;
 - (c) Assembling and setting up fixtures and equipment; or
 - (d) Unpacking and re shelving stock and supplies.
- (3) If your tenants have valid and collectible insurance for Covered Move Back Costs, we will pay only for the amount of Covered Move Back Costs in excess of the amount payable from such other insurance.
- (4) The most we will pay under this Additional Coverage is \$25,000 for the sum of all such expenses arising out of an occurrence at a described premise.

C. Building and Personal Property Coverage Form, Section A. Coverages, Paragraph A.5. Coverage Extensions, is amended as set forth below. The limits of Insurance for the Coverage Extensions in this Endorsement are in addition to the applicable Limit of Insurance shown in the Declarations.

1. The reference to "within 100 feet of the described premises" in the first paragraph of **A.5.** is amended to read "within 1,000 feet of the described premises."
2. **Building and Personal Property Coverage Form**, Paragraph **A.5. Coverage Extensions**, Items **a.** and **d.** are replaced by the following:

a. Newly Acquired or Constructed Property

- (1) We will pay for direct physical loss or damage to:
 - (a) Your new building(s) while being built, or
 - (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as a building described in the Declarations; or

(ii) Use as a warehouse.

(c) Your Business Personal Property at any location you acquire other than at fairs or exhibitions.

(2) The most we will pay for loss or damage, by a Covered Cause of Loss under this Coverage Extension is:

(a) For Buildings, 50% of the Limit of Insurance for Buildings, at the largest location shown in the Declarations, but not more than \$1,000,000 at each location.

(b) For Your Business Personal Property, 25% of the Limit of Insurance for Your Business Personal Property, at the largest location shown in the Declarations, but not more than \$500,000 at each location.

However, the most we will pay for newly acquired "hardware" is 25% of the Limit of Insurance for Your Business Personal Property shown in the Declarations, but not more than \$50,000.

(3) Insurance under this Coverage Extension for newly acquired or constructed property will end when any of the following first occurs:

(a) This policy expires; or

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

d. **Property Off-Premises**

We will pay for direct physical loss or damage to your Covered Property, other than "stock" that is temporarily at a location you do not own, lease or operate; in the care, custody or control of your salespeople; or at any fair or exhibition. This Coverage Extension applies only if loss or damage is caused by a Covered Cause of Loss.

The most we will pay for loss or damage, due to a Covered Cause of Loss, is \$25,000.

3. **Building and Personal Property Coverage Form**, paragraph **A.5. Coverage Extensions**, items **b.**, **c.**, and **e.**, are amended by the following:

b. **Personal Effects and Property of Others**

Reference to the \$2,500 limit is amended to \$100,000 at each described premises.

c. **Valuable Papers and Records – Cost of Research**

Reference to the \$1,000 limit is amended to the combined Blanket Limit of Insurance as provided in Paragraph **C.4**.

e. Outdoor Property

The last paragraph is replaced by the following:

The most we will pay for loss or damage under this Coverage Extension is \$25,000 but not more than \$1,000 for any one tree, shrub or plant.

- 4. Building and Personal Property Coverage Form**, Paragraph **A.5. Coverage Extensions**, is amended to include the following. A \$1,000,000 combined Blanket Limit of Insurance applies in each occurrence to the following coverage extensions:

1. Accounts Receivable

2. Back-Up of Sewers and Drains

3. Computer Equipment

4. Fire Extinguisher and Fire Suppression Equipment Recharge

5. Forgery and Alteration

6. Lock Replacement and Alternative Key Systems Coverage

7. Money Orders and Counterfeit Paper Currency

8. Valuable Papers and Records – Cost of Research

This \$1,000,000 Blanket Limit of Insurance is the most we pay for all loss or damage under any or all of the above listed coverage extensions as a result of any single occurrence. This Blanket Limit of Insurance applies only to the above listed coverage extensions. All other coverage extensions not listed above are subject to the specific sublimits specified in the coverage extension.

f. Accounts Receivable

We will pay for the following loss and expenses which are the direct result of loss or damage to accounts receivable records, by a Covered Cause of Loss:

- (1) All sums due from customers, provided you are unable to effect collections;
- (2) Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by loss or damage;
- (3) Collection expenses in excess of normal collection cost made necessary because of loss or damage;
- (4) Other reasonable expenses incurred by you in re-establishing records of accounts receivable following such loss or damage.
- (5) This Extension does not apply to loss or damage caused by or resulting from any:

- (a) Alteration, falsification, concealment, or destruction or records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money," "securities" or other property;
- (b) Bookkeeping, accounting or billing errors or omissions;
- (c) Electrical or magnetic injury, disturbance or erasure of electronic recordings;
- (d) Programming errors or faulty machine instructions;
- (e) Faulty installation or maintenance of data processing equipment or component parts; or
- (f) Requirement of an audit of records or any inventory computation to prove its factual existence.

The most we will pay under this Coverage Extension for loss or damage to records of accounts receivable while away from the described premises is \$25,000.

g. Arson, Vandalism and Theft Reward

- (1) In the event of an arson, theft or vandalism loss to which the insurance provided by this Coverage Form applies, we will reimburse you for amounts you offer, and subsequently pay, as a reward to anyone, other than you or your officers, partners or directors, for information leading to:
 - (a) The arrest and conviction of any person(s) responsible for the arson, theft or vandalism loss; or
 - (b) The recovery of the stolen property.
- (2) The most we will pay under this Coverage Extension for all rewards paid for information regarding any one arson, theft or vandalism loss is \$25,000. Our liability under this Coverage Extension will not be increased regardless of the number of persons involved in providing information for an arson, theft or vandalism loss.

No deductible applies to this Coverage Extension.

h. Back-Up of Sewers and Drains

- (1) We will pay for loss or damage to Covered Property caused by water that backs up through sewer or drain.
- (2) This limited coverage for water that backs up through sewers or drains does not constitute a Covered Cause of Loss under the Business Income (and Extra Expense) Coverage Form.
- (3) **Cause of Loss – Special Form, Section B. Exclusions, Paragraph 1.g. Water,** Item (3) does not apply, but only to the extent of the coverage provided by this

endorsement. This exclusion will continue to apply to loss or damage that is over the limit of insurance provided under this Coverage Extension.

i. Computer Equipment

- (1) We will pay for direct loss to computer equipment from any of the Covered Causes of Loss, including loss caused by “electrical disturbance” and “power supply disturbance” if the cause of the loss took place within 1,000 feet of a location listed in the Declarations.
- (2) Computer equipment is the following described property while at the locations listed in the Declarations, in transit, at any temporary unscheduled locations or duplicate “software” at unscheduled locations:
 - (a) “Hardware” owned by you or in your care, custody and control;
 - (b) “Software;”
 - (c) “Communication systems.”

j. Computer Fraud and Funds Transfer Fraud

- (1) The most we will pay for loss of and damage to “money,” and “securities” and “other property” following and directly related to the use of any computer to fraudulently cause a transfer of that property from inside the described premises, bank or savings institution:
 - (a) To a person (other than a messenger) outside those premises; or
 - (b) To a place outside those premises;is \$50,000. This is the most we will pay under this Coverage Extension for all loss or damage sustained during the policy period, regardless of the number of occurrences of loss or damage.
- (2) The most we will pay for loss of “money” and “securities” resulting directly from “fraudulent instruction” directing a financial institution to transfer, pay or deliver “money” and “securities” from your “transfer account” is \$50,000. This is the most we will pay under this Coverage Extension for all losses sustained during the policy period, regardless of the number of occurrences of loss.

k. Demolition Cost and Increased Cost of Construction

If a Covered Cause of Loss occurs to a covered Building property, we will pay:

- (1) The cost to demolish and clear the site of undamaged parts of the property; and
- (2) The increased cost to:
 - (a) repair or reconstruct damaged portions of that Building property; and/or

(b) reconstruct or remodel undamaged portions of that Building property, whether or not demolition is required;

when the demolition or increased cost is a consequence of enforcement of building, zoning, or land use ordinance or law.

However:

- (1)** This Coverage Extension applies only if the restored or remodeled property is intended for similar occupancy as the current property.
- (2)** We will not pay for increased cost of construction if the building is not repaired, reconstructed or remodeled.

We will not pay under this Coverage Extension for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."

We will not pay for increased construction costs under this Coverage Extension:

- (1)** Until the property is actually repaired or replaced, at the same premises or elsewhere; and
- (2)** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed 2 years. We may extend this period in writing during the 2 years.

With respect to the increased cost of construction:

- (1)** If the building could be repaired or replaced at the same premises, but you elect to rebuild at another premises, we will pay only the increased cost of construction that would have been incurred if the building had been repaired or replaced at the same location.
- (2)** If the ordinance or law requires relocation to another premise, we will pay for the increased cost of construction at the new premises.

The most we will pay under this Coverage Extension for the total of all covered losses for Demolition Cost and Increased Cost of Construction is \$250,000 per occurrence.

I. Electronic Data

- (1)** Subject to the provisions of this Coverage Extension, we will pay for the cost to replace or restore "electronic data" which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that "electronic data" is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the "electronic data" was stored, with blank media of substantially identical type.

- (2) For the purposes of this Electronic Data coverage extension only, the Covered Causes of Loss applicable to Business Personal Property include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.
- (3) There is no coverage under this extension for loss or damage caused by or resulting from manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained to you, or for you, to inspect, design, install, modify, maintain, repair, or replace that system.
- (4) Coverage is afforded only if the computer system is equipped with up to date virus-scanning or anti-virus software that has not been disabled.
- (5) The most we will pay under this Coverage Extension for all loss or damage sustained during the policy period, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved, is \$25,000. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in, but not after, the policy period. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.
- (6) A \$500 deductible applies per computer for each virus, harmful code or similar instruction that results in a loss under this Coverage Extension.

m. Employee Dishonesty

- (1) We will pay for direct loss of or damage to Business Personal Property, including "money" and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
 - (a) Cause you to sustain loss or damage; and also
 - (b) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - (i) Any employees; or
 - (ii) Any other person or organization.
- (2) We will not pay for loss or damage:
 - (a) Resulting from any dishonest or criminal act that you, or if the named insured is an entity, any person who owns or controls the named insured, commit whether acting alone or in collusion with other persons.

(b) The only proof of which as to its existence or amount is:

(i) An inventory computation; or

(ii) A profit and loss computation.

(3) All loss or damage:

(a) Caused by the same person or persons; or

(b) Involving a single act or series of related acts;

is considered one occurrence.

(4) We will pay only for loss or damage you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

(5) This coverage ceases to apply to any dishonest acts by any employee immediately upon discovery by:

(a) You; or

(b) Any of your partners, officers or directors not in collision with the employee;

of any dishonest act committed by that employee before or after being hired by you.

The most we will pay in any one occurrence for loss or damage under this Coverage Extension is \$250,000.

n. Evacuation Expense Reimbursement

We will pay for expenses you incur to evacuate a covered premises because of imminent danger to the lives of your customers or the lives of your tenants' customers caused by an external event or condition at the covered premises.

We will not reimburse you for evacuation expenses arising out of any:

(1) Planned evacuation drill;

(2) Strike;

(3) Bomb threat or false alarm unless a civil authority having jurisdiction orders you to evacuate the covered premises;

(4) Communicable disease, unless a public health authority having jurisdiction orders you to evacuate the covered premises;

(5) Nuclear hazard, war or military action as excluded by this policy;

(6) Named tropical storm or hurricane; or

(7) Other event or action otherwise excluded under this policy.

In the event a public health authority has covered that your premises be evacuated due to the outbreak of a communicable disease, expense reimbursement will be limited to:

(1) The actual expense you incur to evacuate the covered premises;

(2) The actual expense you incur to disinfect the covered premises; and

(3) The actual expense you incur to test the covered premises to confirm elimination of the communicable disease.

This extension of coverage does not create any business income coverage under any coverage form attached to this policy.

The most we will pay in any one occurrence for loss or damage under this Coverage Extension is \$100,000.

o. Fine Arts

(1) We will pay for loss or damage to your "fine arts" and "fine arts" owned by others but in your care, custody or control from any of the Covered Causes of Loss at the described premises.

(2) The most we will pay for a loss from any one occurrence is \$50,000.

p. Fire Extinguisher and Fire Suppression Equipment Recharge

We will pay for the cost of:

(1) Recharging or refilling your fire suppression equipment when discharge of such equipment is caused by or results from a Covered Cause of Loss on your premises, or if being used to fight a fire on adjoining premises;

(2) Cleaning up and removing the fire suppression agent resulting from the discharge of such equipment on your premises; and

(3) Recharging your Underwriters Laboratories listed or Factory Mutual approved type ABC (multipurpose) fire extinguisher after being used in fighting a fire on your premises or on adjoining premises.

No deductible applies to this Coverage Extension.

q. Forgery and Alteration

(1) We will pay for loss resulting directly from forgery or alteration of, on or in any check, draft, promissory note, or similar written promise, order or direction to pay,

a certain sum in money, made or drawn by or drawn upon you, or made or drawn by one acting as your agent or claiming to have been so made or drawn.

- (2) If you are sued for refusing to pay the covered instrument on the grounds that it has been forged or altered, and you have our written consent to defend against the suit, we will pay any reasonable legal expenses that you incur in that defense. The amount we will pay for these legal expenses will be a part of and not in addition to the limit of insurance applicable to the Forgery and Alteration coverage.

r. "Fungi," Wet Rot, Dry Rot and Bacteria

- (1) The coverage described in Paragraph r.(2) only applies when the "fungi," wet or dry rot or bacteria are the result of a "specified cause of loss" other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
- (2) We will pay for loss or damage by "fungi," wet or dry rot or bacteria. As used in this Coverage Extension, the term loss or damage means:
- (a) Direct physical loss or damage to Covered Property caused by "fungi," wet or dry rot or bacteria, including the cost of removal of the "fungi," wet or dry rot or bacteria;
 - (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi," wet or dry rot or bacteria; and
 - (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi," wet or dry rot or bacteria are present.
- (3) The coverage described under this Coverage Extension is limited to \$25,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) which take place in a 12 month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungi," wet or dry rot or bacteria, we will not pay more than the total of \$25,000 even if the "fungi," wet or dry rot or bacteria continues to be present of active, or recurs, in a later policy period.
- (4) The terms of this Coverage Extension do not increase or reduce the coverage provided under the Water Damage, Other Liquids, Powder or Molten Material Damage Coverage Extension or the Collapse Additional Coverage.

s. Glass and Signs

- (1) We will pay for direct physical loss of or damage to all glass, including all lettering, ornamentation and alarm tape and all signs located at the described premises:

(a) Owned by you; or

(b) Owned by others but in your care, custody or control

(2) We will also pay for necessary glass:

(a) Expenses incurred to put up temporary plates or board up openings;

(b) Repair or replacement of encasing frames; and

(c) Expenses incurred to remove or replace obstructions.

(3) **Building and Personal Property Coverage Form**, Section **A. Coverage**, Paragraph **A.3. Covered Causes of Loss** and **Causes of Loss – Special Form**, Section **B. EXCLUSIONS** do not apply to this Coverage Extension, except for:

(a) Paragraph **B.1.c., Governmental Action**;

(b) Paragraph **B.1.d., Nuclear Hazard**;

(c) Paragraph **B.1.f., War and Military Action**.

(4) We will not pay for loss or damage caused by or resulting from:

(a) Wear and tear;

(b) Hidden or latent defect;

(c) Corrosion;

(d) Rust; or

(e) "Mechanical breakdown"

The provisions of this Coverage Extension supersede all other references to glass and signs in this policy.

t. Lock Replacement and Alternative Key Systems Coverage

(1) We will pay for the cost to replace locks due to theft of keys from the covered premises.

(2) We will also pay for the loss or damage to, or the cost to reprogram, alternative key systems, including card programmers, card readers, computers, related alarms, transceivers, power supplies and any other electronic or mechanical apparatus needed to make the card keys work. The loss must be caused by a Covered Cause of Loss and take place at the covered premises.

u. Money and Securities

(1) We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters, or the living quarters of your partners or any employee having use and custody of the property, at the described premises, or in transit between any of these places, resulting directly from:

- (a) Theft, meaning any act of stealing;
- (b) Disappearance; or
- (c) Destruction.

(2) In addition to the **LIMITATIONS** and **EXCLUSIONS** applicable to property coverage as set forth in this policy, we will not pay for loss:

- (a) Resulting from accounting or arithmetical errors or omissions;
- (b) Due to the giving or surrendering of property in any exchange or purchase; or
- (c) Of property contained in any money-oriented device, such as an automated teller machine, unless the amount of money deposited in it is recorded by a continuous recording instrument in the device.
- (d) Or damage to "money" and "securities" following and directly related to the use of any computer to fraudulently cause a transfer of that property from inside the described premises, bank or savings institution to a person (other than a messenger) outside those premises or to a place outside those premises.

(3) All losses:

- (a) Caused by the same person or persons; or
- (b) Involving a single act or series of related acts; is considered one occurrence.

(4) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

(5) In the event of loss or damage we will determine the value as follows:

- (a) "Money" at its face value; and
- (b) "Securities" at their value at the close of business on the day the loss is discovered.

The most we will pay in any one occurrence for loss or damage under this Coverage Extension is \$250,000.

v. Money Orders and Counterfeit Paper Currency

We will pay for loss due to:

- (1) The acceptance in good faith, in exchange for merchandise, money or services, of any post office or express money order, issued or claiming to have been issued by any post office or express company, if the money order is not paid upon presentation; or
- (2) The acceptance in good faith in the regular course of business of counterfeit United States or Canadian paper currency.

w. Off Premises Utility Services – Direct Damage Coverage

We will pay for direct physical loss or damage to Covered Property caused by interruption of water, communication or power supply services to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to any of the following property, not on the described premises:

- (1) **Water Supply Services Property**, meaning the following types of property supplying water to the described premises:

- (a) Pumping stations; and
- (b) Water mains.

- (2) **Communication Supply Services Property**, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

- (a) Underground communication transmission lines, including optic fiber transmission lines;
- (b) Coaxial cables; and
- (c) Microwave radio relays except satellites.

But communication Supply Services property does not include overhead transmission lines.

- (3) **Power Supply Services Property**, meaning the following types of property supplying electricity, steam or gas to the described premises:

- (a) Utility generating plants;
- (b) Switching stations;
- (c) Substations;
- (d) Transformers; and
- (e) Underground transmission lines.

But power supply services property does not include overhead transmission lines.

Coverage for loss or damage to covered property under this Coverage Extension does not apply to electronic data, including destruction or corruption of electronic data.

The most we will pay in any one occurrence for loss or damage under this Coverage Extension is \$25,000. **Causes of Loss – Special Form**, section **B. Exclusions**, Paragraph **1.e. Utility Services**, does not apply, but only to the extent of the coverage provided by this endorsement. This exclusion will continue to apply to loss or damage that is over the limit of insurance provided under this Coverage Extension.

x. Product Withdrawal Expenses

- (1) We will reimburse you for “product withdrawal expenses” incurred because of “product withdrawal” to which this insurance applies. The amount of such reimbursement is limited to \$50,000 in any one occurrence. No other obligation or liability to pay sums or perform acts or services is covered.
- (2) This Coverage Extension applies only to a “product withdrawal” which is initiated in the coverage territory during the policy period because an authorized government entity has requested or ordered that you conduct a “product withdrawal” or a manufacturer has initiated a “product withdrawal.”
- (3) The initiation of a “product withdrawal” will be deemed to have been made only at the earliest time when:
 - (a) You received either orally or in writing, notification of an order from an authorized government entity to conduct a “product withdrawal;” or
 - (b) A manufacturer has initiated a “product withdrawal” and you communicate agreement with the “product withdrawal,” whichever comes first.
- (4) “Product withdrawal expenses” incurred to withdraw items you hold for use or sale which contain the same “defect” will be deemed to have arisen out of the same “product withdrawal.”
- (5) A separate “product withdrawal” is deemed to begin with each new determination of a different “defect” made in accordance with Paragraph (2) above.
- (6) We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds \$1,000. We will then pay the amount of loss or damage in excess of \$1,000 up to the applicable Limit of Insurance of \$50,000.
- (7) This insurance does not apply to “product withdrawal expense” arising out of:
 - (a) Any “product withdrawal” initiated due to:
 - (i) The failure of any items you hold for use or sale to accomplish their intended purpose, including any breach of warranty of any kind, whether written or implied. This exclusion does not apply if such failure has

caused or is reasonably expected to cause bodily injury or physical damage to tangible property.

- (ii) Copyright, patent or trademark infringements, or other intellectual property rights.
 - (iii) Transformation of a chemical nature, deterioration, spoilage or decomposition of items you use or sell, except if it is caused by:
 - (1) An error in manufacturing, design, processing or transportation of items you hold for use or sale; or
 - (2) Tampering with items you hold for use or sale.
 - (iv) Expiration of the designated shelf life of items you hold for use or sale; or
- (b) A withdrawal of items you hold for use or sale because of a "defect" in the item(s) known to exist by the Named Insured and the Named Insured's executive officers, prior to the inception date of this policy or prior to the actual delivery of items you hold for use or sale to any other person or organization.
- (c) Recall of any specific items you hold for use or sale for which bodily injury or property damage is excluded under any attached General Liability Coverage Part, Coverage A – Bodily Injury and Property Damage Liability.
- (d) Recall of items you hold for use or sale which have been banned from the market by an authorized government entity.

y. Property in Transit

This Coverage Extension applies only to your business personal property:

- (1) We will pay for direct physical loss of or damage to your business personal property in transit more than 1,000 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- (2) Loss or damage:
 - (a) Must be caused by or result from a Covered Cause of Loss or one of the following additional causes of loss: flood, meaning the rising of rivers and streams; earthquake; collision; derailment or overturn of transporting vehicles; collapse of bridges; culverts, docks or wharves.
 - (b) By theft must be caused by or result from the theft of an entire bale, case or package by forced entry (of which there must be visible evidence) into the properly locked body or compartment of the vehicle. Properly locked means all vehicle doors, compartments and windows are closed and locked.
- (3) The most we will pay in any one occurrence for loss or damage under this Coverage Extension is \$50,000.

The provisions of this Coverage Extension replace all other references to property in transit in this policy.

z. Temperature or Humidity Change

- (1) Covered Causes of Loss are extended to include loss or damage to Covered Property caused by or resulting from the following causes of loss:
 - (a) Dampness or dryness of atmosphere; or
 - (b) Changes in extremes of temperature.
- (2) The most we will pay for loss or damage in any one occurrence under this Coverage Extension is \$25,000.
- (3) **Causes of Loss – Special Form**, Section **B. exclusions**, Paragraph **2.d.(7)**, subparagraphs **(a)** and **(b)**, do not apply, but only to the extent of the coverage provided by this endorsement. These two exclusions will continue to apply to loss or damage that is over the limit of insurance provided under this Coverage Extension.

D. Building and Personal Property Coverage Form, section **C. Limits of Insurance**, is amended by deleting subparagraph **C.2. Debris Removal**.

E. Building and Personal Property Coverage Form, Section **E. Loss Conditions**, item **7. Valuation** is amended to include the following:

g. Distilled Spirits and Wines Market Value

1. Distilled Spirits Market Value
 - a. We will determine the value of bottled distilled spirits, in the event of loss or damage, at:
 - (1) The Market price as of the time and place of loss or damage;
 - (2) Less discounts and expenses you otherwise would have had.
 - b. We will determine the value of all bulk distilled spirits other than “irreplaceable bulk distilled spirits,” in the event of loss or damage, at:
 - (1) The bulk market price as of the time and place of loss or damage;
 - (2) Less discounts and expenses you otherwise would have had.
 - c. We will determine the value of “older bulk distilled spirits,” in the event of loss or damage, at:
 - (1) The market price per proof gallon of equivalent bottled distilled spirits as of the time and place of loss or damage;

(2) Less:

- (a)** Unpaid taxes;
 - (b)** Paid or determined taxes that are refundable under the Internal Revenue Code; and
 - (c)** Charges and expenses of converting bulk distilled spirits to bottled distilled spirits.
- d.** We will determine the value of "younger bulk distilled spirits," in the event of loss or damage, at:
- (1)** The bulk market price of new distilled spirits of the same kind and quality, as determined in Paragraph **1.b.**; plus
 - (2)** Pro rata of the difference between:
 - (a)** The value determined in Paragraph **1.d.(1)**; and
 - (b)** The market price of such bulk distilled spirits at attained age, as determined in Paragraph **1.c.**
- e.** If any person or organization to or for whom we make payment under this policy has rights to recover prepaid taxes or duties that are included in our payment, those rights are transferred to us.

2. Wines Market Value

- a.** We will determine the value of "bottled winery products" in the event of loss or damage, at the price the "stock" could have been sold for as case goods as of the time and place of loss or damage, if no loss or damage occurred.
 - b.** We will determine the value of "bulk wine" in the event of loss or damage, at:
 - (1)** The price the wine could have been sold for as of the time and place of loss or damage; or
 - (2)** The market price of replaceable "bulk wine" of like kind and quality as of the time of loss or damage;
- whichever is less.

c. All values exclude:

- (1)** Unpaid U.S. Government Internal Revenue taxes for which you are liable; and
- (2)** Discounts and expenses you otherwise would have had.

But values include State, Country and Local taxes for which you are liable.

- d. If any person or organization to or for whom we make payment under this Coverage has rights to recover prepaid taxes or duties that are included in our payment, those rights are transferred to us.
- 3. The most we will pay for loss or damage in any one occurrence under these provisions is \$100,000.

h. Manufacturer's Selling Price

We will determine the value of finished stock you manufacture, in the event of loss or damage, at:

- (1) The selling price, as if no loss or damage occurred;
- (2) Less discounts and expenses you otherwise would have had.

i. Brands & Labels

If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at any agreed or appraised value. If so, you may, at your own expense:

- (1) Stamp "salvage" on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
- (2) Remove the brands or labels, if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with the law.

j. Consequential Damage

We will pay for the reduction in value of the remaining parts of stock in process of manufacture, assembly or repackaging when the reduction is caused by direct physical loss or damage from a Covered Cause of Loss to other parts of stock in process of manufacture, assembly or repackaging at the covered premises.

The most we will pay for loss or damage in any one occurrence under this provision is \$25,000.

F. Building and Personal Property Coverage Form, section **H. Definitions**, is amended to include the following:

3. "Bottled Winery Products" means wine and other winery products:

- a. In the bottle; or
- b. Not bottled, but:
 - (1) Irreplaceable in kind and quality; and
 - (2) In the ordinary course of your business, would be:

- (a) Bottled; and
 - (b) In your hands as producer or processor.
4. "**Bulk Wine**" means wine, in your hands as producer or processor, other than "bottled winery products."
 5. "**Communicable disease**" means any disease caused by a biological agent that is transmitted directly from one individual to another.
 6. "**Communication systems**" means telephone components and equipment including telephone switchgear, operating programs, related software, facsimile transmission equipment, telex equipment and other related hardware used for the transmission of communications.
 7. "**Computer**" means:
 - a. Programmable electronic equipment that is used to store, retrieve and process data; and
 - b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission."Computer" does not include those used to operate production type machinery or equipment.
 8. "**Defect**" means a defect, deficiency, inadequacy or dangerous condition.
 9. "**Electrical disturbance**" means electrical injury, magnetic injury, disturbance or electronic or erasure of electronic recordings.
 10. "**Electronic Data**" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a "computer" or device to receive, process, store, retrieve or send data.
 11. "**Fine Arts**" means property that is rare or of artistic or historic value.
 12. "**Fraudulent Instruction**" means:
 - a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
 - b. A written instruction (other than those described in Paragraph A.5.q.) issued by you, which was forged or altered by someone other than you without your knowledge or

consent or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or

- c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an employee but which was in fact fraudulently transmitted by someone else without your or the employee's knowledge or consent.

13. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

14. "Hardware" means a network of computer components capable of accepting information, processing it according to a plan and producing the desired results. It includes hardware used exclusively in your data processing operations but does not include "software."

15. "Irreplaceable Bulk Distilled Spirits" means spirits that are:

- a. Aged in wood cooperage;
- b. Not replaceable with like kind and quality; and
- c. Held by you as a distiller for sale as bottled goods.

16. "Mechanical Breakdown" means mechanical breakdown or malfunction, component failure, faulty installation or blowout.

17. "Money" means:

- a. Currency, coins and bank notes in current use and having face value; and
- b. Travelers' checks and money orders held for sale to the public.

18. "Older Bulk Distilled Spirits" means "irreplaceable bulk distilled spirits" of an attained age equivalent to the weighted average age of bottled distilled spirits into which such "irreplaceable bulk distilled spirits" would have been converted.

19. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property excluded under this insurance.

20. "Power supply disturbance" means interruption of electrical power supply, power surge, blackout or brownout.

21. "Product Withdrawal" means the recall or withdrawal of items you hold for use or sale from the market or from use by any person or organization because of a known or suspected "defect" in the item(s), or a known or suspected tampering with the item(s), which has caused or is reasonably expected to cause bodily injury or physical injury to tangible property. In any event, where tampering is known or suspected, a "product withdrawal" will not necessarily be limited to those batches of the items you hold for use

or sale which are known or suspected to have been tampered with, if there is a reasonable basis for a broader withdrawal.

22. "Product Withdrawal Expenses" means those reasonable and necessary extra expenses listed below, paid and directly related to a "product withdrawal:"

- a. Costs of notification;
- b. Costs of stationery, envelopes, production, of announcements and postage of facsimiles;
- c. Costs of overtime paid to your employees and costs incurred by your employees including costs of transportation and accommodations;
- d. Costs of computer time;
- e. Costs of hiring independent contractors and other temporary employees;
- f. Costs of transportation, shipping or packaging;
- g. Costs of warehouse or storage space; or
- h. Costs of proper disposal of items you hold for use or sale or products that contain items you hold for use or sale, that cannot be reused, not exceeding your purchase price or your cost to produce the products;

But "product withdrawal expenses" does not include costs of the replacement, repair or redesign of items you hold for use or sale, or the costs of regaining your market share, goodwill, revenue or profit.

23. "Securities" means negotiable and non-negotiable instruments or contracts representing either money or other property and includes:

- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and:
- b. Evidences of debt issued in connection with credit or charge cards, which are not issued by you;

but does not include "money."

24. "Software" means:

- a. Electronic data processing, recording or storage media such as films, tapes, cards, discs, drums, or cells; and
- b. Data and programming records used for electronic data processing or electronically controlled equipment stored on such media.

25. "Specified Causes of Loss" means the following: fire; lightning; explosion; windstorm; or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire

extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
- b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c. Water damage means accidental discharge or leakage of water or stream as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

26. "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of "money" and "securities":

- a. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or
- b. By means of written instructions (other than those described in Paragraph A.5.q.) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

27. "Younger Bulk Distilled Spirits" means all "irreplaceable bulk distilled spirits" other than "older bulk distilled spirits."

G. Business Income & Extra Expense Coverage Form, Paragraph **A.3.b. Civil Authority**, is amended by the following:

Reference to three consecutive weeks is amended to eight consecutive weeks.

H. Business Income & Extra Expense Coverage Form, Paragraph **A.3.d.(2)(b) Extended Business Income**, is amended by the following:

Reference to 30 consecutive days is amended to 180 consecutive days.

I. Business Income & Extra Expense Coverage Form, Paragraph **A.3. Additional Coverages**, is amended to include the following Additional Coverages. These Additional Coverages do not increase the applicable Limit of Insurance.

e. Business Income from Dependent Property

- (1) We will pay for the actual loss of Business Income you sustain due to physical loss or damage at the premises of a dependent property caused by or resulting from any Covered Cause of Loss. However, this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data" including destruction or corruption of "electronic data." If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.
- (2) The most we will pay under this Additional Coverage is \$25,000
- (3) We will reduce the amount of your Business Income loss, other than Extra Expenses, to the extent you can resume "operations," in whole or in part, by using any other available:
 - (a) Source of materials; or
 - (b) Outlet for your products
- (4) If you do not resume "operations," or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.
- (5) Dependent property means property owned by others whom you depend on to:
 - (a) Deliver materials or services to you, or to others for your account. But services does not mean water, communication or power supply services;
 - (b) Accept your products or services;
 - (c) Manufacture your products for delivery to your customers under contract for sale; or
 - (d) Attract customers to your business.

The dependent property must be located in the coverage territory of this policy.

- (6) The coverage period for Business Income under this Additional Coverage:
 - (a) Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property; and
 - (b) Ends on the date when the property at the premises of the dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality
- (7) The Business Income coverage period, as stated in Paragraph (6), does not include any increased period required due to the enforcement of any ordinance or law that:
 - (a) Regulates the construction, use or repair, or requires the tearing down of any property; or

- (b)** Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."

The expiration date of this policy will not reduce the Business Income coverage period.

- (8)** The definition of Business Income contained in the Business Income Coverage Form also applies to the Business Income from Dependent Properties Additional Coverage.

f. Contractual Penalties

We will pay for contractual penalties imposed by written contract between you and your customers. These penalties must:

- (1)** Result from your failure to deliver your product on time according to contract terms in effect at the time of loss;
- (2)** Result from direct physical loss or damage to Covered Property by a Covered Cause of Loss; and
- (3)** Have been paid by you to your customer.

The most we will pay under this Additional Coverage is \$25,000 per occurrence with a \$100,000 annual aggregate limit.

g. Emergency Event Business Income and Extra Expenses

- (1)** We will pay for the actual loss of business income and extra expense you sustain due to an emergency event occurring at the covered premises. The emergency event must result in closure of your operations either by a legal, public health, or occupational safety and health authority having jurisdiction over the emergency.
- (2)** With respect to the coverage provided under Emergency Event Business Income and Extra Expense a covered emergency event means:
 - (a)** An actual, attempted, or threatened violent act committed with malicious intent on the covered premises against any person that results in physical injury or death to such person. This coverage does not apply to actual attempted or threatened acts by the insured or the employee of the insured;
 - (b)** The necessary closure of the covered premises due to any sudden, accidental and unintentional contamination or impairment of the premises resulting in clear, identifiable, internal or external visible symptoms of bodily injury, illness, or death of any persons; or
 - (c)** A workplace accident.

- (3) A covered emergency event is a Covered Cause of Loss for the purposes of this section entitled Emergency Event Business Income and Extra Expense only.
- (4) Losses arising out of earthquake, flood, fire or windstorm are not covered under Emergency Event Business Income and Extra Expense.
- (5) The most we will pay under this Additional Coverage for all loss sustained and expense incurred in any one policy year, regardless of the number of covered emergency events, is \$50,000. A waiting period or deductible does not apply to this provision.

h. Flood Contamination

- (1) If your business at the described premises is ordered closed by the Board of Health, or any other governmental authority as a result of the discovery or suspicion of food contamination, we will pay the following if the Business Income and Extra Expense Coverage Form applies to this policy:

- (a) Extra Expenses:**

- (i) The cost to clean your equipment as required by the Board of Health or any other governmental authority; and
 - (ii) The cost to replace food which is, or is suspected to be, contaminated.

- (b) Business Income Expenses:**

- (i) The actual loss of Business Income you sustain due to the necessary "suspension" of your "operations," and
 - (ii) The cost of additional advertising to restore your reputation.

The coverage for Business Income and the cost of additional advertising will begin twenty-four hours after you receive notice of closing from the Board of Health or any other governmental authority and will apply for a period of up to 30 consecutive days after such coverage begins.

- (2) Food contamination means an incidence of food poisoning to one or more of your patrons as a result of:

- (a) Tainted food you purchased**

- (b) Food which has been improperly stored, handled, or prepared; or**

- (c) A communicable disease transmitted through one or more of your employees.**

- (3) The most that we will pay for loss of Business Income and Extra Expense incurred under this Additional Coverage is \$100,000 per closure order.

i. Interruption of Computer Operations

- (1) We will pay for the actual loss of Business Income you sustain due to a suspension of "operations" caused by an interruption in computer operations. This interruption must be caused by the destruction or corruption of "electronic data" due to a virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. Coverage is afforded only if the computer system is equipped with up to date virus-scanning or anti-virus software that has not been disabled. In addition, there is no coverage for interruption related to manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.
- (2) The most we will pay under this Additional Coverage for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions, or the number of premises, locations or computer systems involved, is \$25,000. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (3) This Additional Coverage does not apply to loss sustained or expense incurred after the end of the "period of restoration," even if the amount of insurance stated in (2) above has not been exhausted.
- (4) Coverage for Business Income does not apply when a suspension of "operations" is caused by destruction or corruption of "electronic data," or any loss or damage to "electronic data," except as provided under Paragraphs (1) through (3) of this Additional Coverage.
- (5) Coverage for Extra Expenses does not apply when action is taken to avoid or minimize a suspension of "operations" caused by destruction or corruption of "electronic data," or any loss or damage to "electronic data," except as provided under Paragraphs (1) through (3) of this Additional Coverage.

j. Loss of Income Due to Damaged Vehicles

- (1) We will pay for the actual loss of Business Income you sustain due to direct physical damage to your owned vehicle, arising out of a Covered Cause of Loss.
- (2) As respects this Additional Coverage only, coverage is not restricted to premises described in the Declarations and the following are added as Covered Causes of Loss:
 - (a) Your vehicle's collision with another object; or

(b) Your vehicle's overturn.

- (3) There is a waiting period of 72 hours from the actual time of the vehicle damage before coverage will apply under this Additional Coverage.
- (4) Under this Additional Coverage, we will only cover your Business Income that is lost after the waiting period has expired. Coverage will end at the earliest of:
 - (a) The time required to resume your normal business operations; or
 - (b) The time that is reasonably necessary to repair or replace the damaged vehicle; or
 - (c) Thirty (30) days from the date of the damage.
- (5) The most we will pay under this Additional Coverage is:
 - (a) \$250 per day per damaged vehicle
 - (b) \$1,000 per day regardless of the number of vehicles damaged.
 - (c) A maximum of \$25,000 for any period of 30 consecutive days following the actual date of vehicle damage or loss.

k. Off-Premises Utility Services – Time Element Coverage

We will pay for the actual loss of Business Income you sustain due to a suspension of "operations" caused by an interruption in water, communication or power supply services to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to any of the following property, not on the described premises:

- (1) **Water Supply Services Property**, meaning the following types of property supplying water to the described premises:
 - (a) Pumping stations; and
 - (b) Water mains
- (2) **Communication Supply Services Property**, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:
 - (a) Underground communication transmission lines, including optic fiber transmission lines;
 - (b) Coaxial cables; and
 - (c) Microwave radio relays except satellites.

But Communication Supply Services property does not include overhead transmission lines.

(3) **Power Supply Services Property**, meaning the following types of property supplying electricity, steam or gas to the described premises:

- (a) Utility generating plants;
- (b) Switching stations;
- (c) Substations;
- (d) Transformers; and
- (e) Underground transmission lines

But Power Supply Services property does not include overhead transmission lines

The most we will pay in any one occurrence for loss or damage under this Additional Coverage is \$25,000.

Causes of Loss – Special Form, Section **B. EXCLUSIONS**, Subparagraph **e. Utility Service** of Paragraph 1. does not apply, but only to the extend of the coverage provided by this endorsement. This exclusion will continue to apply to loss or damage that is over the limit of insurance provided under this Additional Coverage.

The coverage period for Business Income under this Additional Coverage begins 72 hours after the time of loss or damage caused by the interruption in utility service.

Coverage for loss or damages to covered property under this Additional Coverage does not apply to “electronic data,” including destruction or corruption of “electronic data.”

J. **Business Income and Extra Expense Coverage Form**, Section **G., Definitions**, is amended to include the following:

6. “**Electronic data**” means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a “computer” or device to receive, process, store, retrieve or send data.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H., Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, A.1., and limited in A.2., Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property – Separation Of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;

n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software;

- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

- q. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

EXAMPLE #1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

EXAMPLE #2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 30,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 10,000



The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$30,000 = \$109,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$10,000, the maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000, unless a higher limit is shown in the Declarations, for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.

- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
 - (5) Under this Additional Coverage, we will not pay for:
 - (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - (b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
 - (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of: \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.
- The amount payable under this Additional Coverage is additional insurance.
- (7) With respect to this Additional Coverage:
 - (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced, at the same or another premises; and
 - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.
 - (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.
 - (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
 - (9) The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
- (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
- (iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b)** This Extension does not apply to:
 - (i)** Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
 - (ii)** Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a)** This policy expires;
- (b)** 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c)** You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1)** Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2)** Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1)** You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2)** If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
- (3)** If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4)** Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

d. Property Off-premises

- (1)** You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a)** Temporarily at a location you do not own, lease or operate;
 - (b)** In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c)** At any fair, trade show or exhibition.

- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.

- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

EXAMPLE #1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building #1:	\$ 60,000
Limit of Insurance – Building #2:	\$ 80,000
Loss to Building #1:	\$ 60,100
Loss to Building #2:	\$ 90,000

The amount of loss to Building #1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building #1:

$$\begin{array}{r}
 \$ 60,100 \\
 - 250 \\
 \hline
 \$ 59,850 \text{ Loss Payable – Building #1}
 \end{array}$$

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building #2. Loss payable for Building #2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:

$$\$59,850 + \$80,000 = \$139,850$$

EXAMPLE #2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example #1.

Loss to Building #1:	\$ 70,000
	(Exceeds Limit of Insurance plus Deductible)
Loss to Building #2:	\$ 90,000
	(Exceeds Limit of Insurance plus Deductible)
Loss Payable – Building #1:	\$ 60,000
	(Limit of Insurance)
Loss Payable – Building #2:	\$ 80,000
	(Limit of Insurance)
Total amount of loss payable:	\$ 140,000

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:
 - (1) Notify the police if a law may have been broken.
 - (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

 - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

- (b)** When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
 - (i)** Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
 - (ii)** Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - (a)** Vandalism;
 - (b)** Sprinkler leakage, unless you have protected the system against freezing;
 - (c)** Building glass breakage;
 - (d)** Water damage;
 - (e)** Theft; or
 - (f)** Attempted theft.
- (2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a.** At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.
- b.** If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
- (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
- (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
 - (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.
- If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
- (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

EXAMPLE #1 (UNDERINSURANCE)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$

(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

EXAMPLE #2 (ADEQUATE INSURANCE)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 200,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Co-insurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

EXAMPLE #3

When:	The value of the property is:
	Building at Location #1: \$ 75,000
	Building at Location #2: \$ 100,000
	Personal Property at Location #2: <u>\$ 75,000</u>
	\$ 250,000
	The Coinsurance percentage for it is: 90%
	The Limit of Insurance for Buildings and Personal Property at Locations #1 and #2 is: \$ 180,000
	The Deductible is: \$ 1,000
	The amount of loss is:
	Building at Location #2: \$ 30,000
	Personal Property at Location #2: <u>\$ 20,000</u>
	\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$

(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): \$50,000 x .80 = \$40,000

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- a. The term mortgageholder includes trustee.
 - b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
 - c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
 - d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:

 - (1) 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g.** If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a.** The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b.** If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c.** The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1)** On or after the effective date of this Optional Coverage; and
 - (2)** Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a.** The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b.** The amount of increase will be:
 - (1)** The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2)** The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3)** The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

EXAMPLE

If:	The applicable Limit of Insurance is:	\$ 100,000
	The annual percentage increase is:	8%
	The number of days since the beginning of the policy year (or last policy change) is:	146
	The amount of increase is:	
	$\$100,000 \times .08 \times 146 \div 365 =$	\$ 3,200

3. Replacement Cost

- a.** Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b.** This Optional Coverage does not apply to:
 - (1)** Personal property of others;
 - (2)** Contents of a residence;
 - (3)** Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - (4)** "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c.** You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d.** We will not pay on a replacement cost basis for any loss or damage:
 - (1)** Until the lost or damaged property is actually repaired or replaced; and
 - (2)** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of **(1)**, **(2)** or **(3)**, subject to f. below:
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.
- f. If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.
- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.
- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F., Definitions.

A. Coverage

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- (a) The portion of the building which you rent, lease or occupy; and
- (b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Limitation – Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage – Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage – Interruption Of Computer Operations.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage – Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
 - (2) When your Civil Authority Coverage for Business Income ends;
- whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and

- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.
- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss.

- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage – Interruption Of Computer Operations is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage – Interruption Of Computer Operations includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage – Interruption Of Computer Operations.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage – Interruption of Computer Operations is \$2,500 for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (5) This Additional Coverage – Interruption in Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

NEWLY ACQUIRED LOCATIONS

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location.

- c.** Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
- (1) This policy expires;
 - (2) 30 days expire after you acquire or begin to construct the property; or
 - (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

- a. You must see that the following are done in the event of loss:
 - (1) Notify the police if a law may have been broken.
 - (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (7) Cooperate with us in the investigation or settlement of the claim.
 - (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

- a. The amount of Business Income loss will be determined based on:
 - (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
 - (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
- (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

D. Additional Condition

COINSURANCE

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

- 1. The Coinsurance percentage shown for Business Income in the Declarations; times
 - 2. The sum of:
 - a. The Net Income (Net Profit or Loss before income taxes), and
 - b. Operating expenses, including payroll expenses,
- that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

- Step (1):** Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
- Step (2):** Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and
- Step (3):** Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight – outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form **CP 15 11** is attached);
- (11) All ordinary payroll expenses or the amount of payroll expense excluded (if Form **CP 15 10** is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

EXAMPLE #1 (UNDERINSURANCE)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000

The Coinsurance percentage is: 50%

The Limit of Insurance is: \$ 150,000

The amount of loss is: \$ 80,000

Step (1): $\$400,000 \times 50\% = \$200,000$

(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$150,000 \div \$200,000 = .75$

Step (3): $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

EXAMPLE #2 (ADEQUATE INSURANCE)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000

The Coinsurance percentage is: 50%

The Limit of Insurance is: \$ 200,000

The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Co-insurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

- b.** The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:
 - (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
 - (2) The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a.** The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b.** The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (1) The Limit of Insurance, multiplied by
 - (2) The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When: The Limit of Insurance is:	\$ 120,000
The fraction shown in the Declarations for this Optional Coverage is:	1/4
The most we will pay for loss in each period of 30 consecutive days is:	\$ 30,000
(\$120,000 x 1/4 = \$30,000)	
If, in this example, the actual amount of loss is:	
Days 1–30:	\$ 40,000
Days 31–60:	\$ 20,000
Days 61–90:	\$ 30,000
	\$ 90,000
We will pay:	
Days 1–30:	\$ 30,000
Days 31–60:	\$ 20,000
Days 61–90:	\$ 30,000
	\$ 80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

- a.** To activate this Optional Coverage:
 - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and
 - (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
- (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
 - (a) The Coinsurance percentage shown in the Declarations; multiplied by
 - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.
- b.** The Additional Condition, Coinsurance, is suspended until:
 - (1) 12 months after the effective date of this Optional Coverage; or
 - (2) The expiration date of this policy; whichever occurs first.
- c.** We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:
 - (1) Within 12 months of the effective date of this Optional Coverage; or
 - (2) When you request a change in your Business Income Limit of Insurance.
- d.** If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:
 - (1) The Business Income Limit of Insurance; divided by
 - (2) The Agreed Value.

EXAMPLE

When: The Limit of Insurance is: \$ 100,000
 The Agreed Value is: \$ 200,000
 The amount of loss is: \$ 80,000

Step (1): $\$100,000 \div \$200,000 = .50$

Step (2): $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under Paragraph **A.5.c., Extended Business Income**, the number 30 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. Definitions

1. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:

- a.** Your business activities occurring at the described premises; and
- b.** The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

3. "Period of restoration" means the period of time that:

a. Begins:

- (1)** 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
- (2)** Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

- (1)** The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- (2)** The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- (1)** Regulates the construction, use or repair, or requires the tearing down, of any property; or
- (2)** Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

5. "Rental Value" means Business Income that consists of:

- a.** Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
- b.** Continuing normal operating expenses incurred in connection with that premises, including:
 - (1)** Payroll; and
 - (2)** The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

6. "Suspension" means:

- a.** The slowdown or cessation of your business activities; or
- b.** That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW COVERAGE

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
STANDARD PROPERTY POLICY

SCHEDULE*

Bldg. No./ Prem. No.	Cov. A	Cov. B Limit Of Insur.	Cov. C Limit Of Insur.	Cov. B And C Combined Limit Of Insur.	
001 / 001		\$	\$	\$ 250000	**
/		\$	\$	\$	**
/		\$	\$	\$	**

*Information required to complete the Schedule, if not shown on this endorsement, will be shown in the Declarations.

Do **not enter a Combined Limit of Insurance if individual Limits of Insurance are selected for Coverages **B** and **C**, or if one of these Coverages is not applicable.

- A. Each Coverage – Coverage A, Coverage B and Coverage C – is provided under this endorsement only if that Coverage(s) is chosen by entry in the above Schedule and then only with respect to the building identified for that Coverage(s) in the Schedule.**

B. Application Of Coverage(s)

The Coverage(s) provided by this endorsement apply only if both **B.1.** and **B.2.** are satisfied and are then subject to the qualifications set forth in **B.3.**

1. The ordinance or law:

- a. Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- b. Is in force at the time of loss.

But coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

- 2.a.** The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or
- b.** The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.
- c. But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.

- 3.** In the situation described in **B.2.b.** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B**, and/or **C** of this endorsement. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B** and/or **C** of this endorsement.

C. We will not pay under Coverage A, B or C of this endorsement for:

1. Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
2. The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

D. Coverage

1. Coverage A – Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **A** for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **A** does not increase the Limit of Insurance.

2. Coverage B – Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

The Coinsurance Additional Condition does not apply to Demolition Cost Coverage.

3. Coverage C – Increased Cost Of Construction Coverage

a. With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- (1) Repair or reconstruct damaged portions of that building; and/or
- (2) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required; when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

- (1) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- (2) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

The Coinsurance Additional Condition does not apply to Increased Cost of Construction Coverage.

b. When a building is damaged or destroyed and Coverage **C** applies to that building in accordance with **3.a.** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in **3.a.:**

- (1) The cost of excavations, grading, backfilling and filling;
- (2) Foundation of the building;
- (3) Piling; and
- (4) Underground pipes, flues and drains.

The items listed in **b.(1)** through **b.(4)** above are deleted from Property Not Covered, but only with respect to the coverage described in this Provision, **3.b.**

E. Loss Payment

1. All following loss payment Provisions, **E.2.** through **E.5.**, are subject to the apportionment procedures set forth in Section **B.3.** of this endorsement.

2. When there is a loss in value of an undamaged portion of a building to which Coverage **A** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
 - a. If the Replacement Cost Coverage Option applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
 - (1) The amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - (2) The Limit of Insurance shown in the Declarations as applicable to the covered building.
 - b. If the Replacement Cost Coverage Option applies and the property is **not** repaired or replaced, or if the Replacement Cost Coverage Option does **not** apply, we will not pay more than the lesser of:
 - (1) The actual cash value of the building at the time of loss; or
 - (2) The Limit of Insurance shown in the Declarations as applicable to the covered building.
3. Unless Paragraph **E.5.** applies, loss payment under Coverage **B** – Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

 - a. The amount you actually spend to demolish and clear the site of the described premises; or
 - b. The applicable Limit of Insurance shown for Coverage **B** in the Schedule above.
4. Unless Paragraph **E.5.** applies, loss payment under Coverage **C** – Increased Cost of Construction Coverage will be determined as follows:
 - a. We will not pay under Coverage **C**:
 - (1) Until the property is actually repaired or replaced, at the same or another premises; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage **C** is the lesser of:
 - (1) The increased cost of construction at the same premises; or
 - (2) The applicable Limit of Insurance shown for Coverage **C** in the Schedule above.
 - c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage **C** is the lesser of:
 - (1) The increased cost of construction at the new premises; or
 - (2) The applicable Limit of Insurance shown for Coverage **C** in the Schedule above.
5. If a **Combined** Limit of Insurance is shown for Coverages **B** and **C** in the Schedule above, Paragraphs **E.3.** and **E.4.** of this endorsement do not apply with respect to the building that is subject to the Combined Limit, and the following loss payment provisions apply instead:

The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the Combined Limit of Insurance shown for Coverages **B** and **C** in the Schedule above. Subject to this Combined Limit of Insurance, the following loss payment provisions apply:

 - a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
 - b. With respect to the Increased Cost of Construction:
 - (1) We will not pay for the increased cost of construction:
 - (a) Until the property is actually repaired or replaced, at the same or another premises; and
 - (b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (2) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

(3) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

F. The terms of this endorsement apply separately to each building to which this endorsement applies.

G. Under this endorsement we will not pay for loss due to any ordinance or law that:

1. You were required to comply with before the loss, even if the building was undamaged; and
2. You failed to comply with.

H. Example of Proportionate Loss Payment for Ordinance Or Law Coverage Losses (procedure as set forth in Section **B.3.** of this endorsement.)

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of \$200,000
- Total direct physical damage to building: \$100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): \$30,000
- Portion of direct physical damage that is not covered (caused by flood): \$70,000
- Loss under Ordinance Or Law Coverage **C** of this endorsement: \$60,000

Step 1:

Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$$\$30,000 \div \$100,000 = .30$$

Step 2:

Apply that proportion to the Ordinance or Law loss.

$$\$60,000 \times .30 = \$18,000$$

In this example, the most we will pay under this endorsement for the Coverage **C** loss is \$18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

Note: The same procedure applies to losses under Coverages **A** and **B** of this endorsement.

I. The following definition is added:

"Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section G., Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section B., Exclusions; or
2. Limited in Section C., Limitations; that follow.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in b.(1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if Water, as described in g.(1) through g.(4) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- 1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
- 2. To the extent that coverage is provided in the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
 - (1) Electrical or electronic wire, device, appliance, system or network; or
 - (2) Device, appliance, system or network utilizing cellular or satellite technology.



For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d. (1) Wear and tear;
 - (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
 - (3) Smog;
 - (4) Settling, cracking, shrinking or expansion;
 - (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
 - (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
 - (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - (1) Acting alone or in collusion with others; or
 - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.

- k.** Collapse, including any of the following conditions of property or any part of the property:
- (1) An abrupt falling down or caving in;
 - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **k.**, does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage – Collapse; or
- (b) To collapse caused by one or more of the following:
 - (i) The "specified causes of loss";
 - (ii) Breakage of building glass;
 - (iii) Weight of rain that collects on a roof; or
 - (iv) Weight of people or personal property.

- I.** Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **I.**, does not apply to damage to glass caused by chemicals applied to the glass.

- m.** Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- 3.** We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.
- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock"; or
 - (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

- (1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
 - (a) Your cancelling the lease;
 - (b) The suspension, lapse or cancellation of any license; or
 - (c) Any other consequential loss.

c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
 - (a) Paragraph **B.1.a.**, Ordinance Or Law;
 - (b) Paragraph **B.1.c.**, Governmental Action;
 - (c) Paragraph **B.1.d.**, Nuclear Hazard;
 - (d) Paragraph **B.1.e.**, Utility Services; and
 - (e) Paragraph **B.1.f.**, War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
 - d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
 - e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
 - f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

- a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.
- However, this limitation does not apply:
- (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:

- a. \$2,500 for furs, fur garments and garments trimmed with fur.
- b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c. \$2,500 for patterns, dies, molds and forms.
- d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, C.3., does not apply to Business Income Coverage or to Extra Expense Coverage.



4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

D. Additional Coverage – Collapse

The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

- a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in **2.a.** or **2.b.**;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.

3. This **Additional Coverage – Collapse** does **not** apply to:

- a. A building or any part of a building that is in danger of falling down or caving in;
- b. A part of a building that is standing, even if it has separated from another part of the building; or
- c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
 - b. Awnings, gutters and downspouts;
 - c. Yard fixtures;
 - d. Outdoor swimming pools;
 - e. Fences;
 - f. Piers, wharves and docks;
 - g. Beach or diving platforms or appurte- nances;
 - h. Retaining walls; and
 - i. Walks, roadways and other paved surfaces;
- if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:
- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
 - (2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
- b. The personal property which collapses is inside a building; and
- c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage – Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage – Collapse will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in **D.1.** through **D.7.**

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
 - a. A "specified cause of loss" other than fire or lightning; or
 - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.
2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
 4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.
- If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.
5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form or under the Additional Coverage – Collapse.
 6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, F.3., does not increase the Limit of Insurance.

G. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.

- b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

POLICY NUMBER: DCF1200010-00

COMMERCIAL PROPERTY
CP 12 18 06 07**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****LOSS PAYABLE PROVISIONS**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 BUILDERS' RISK COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	002	Building Number:	001	Applicable Clause (Enter C., D., E., or F.):	D
Description Of Property: 83 KIHAPAI ST KAILUA HI 96734					
Loss Payee Name: US DEPT. OF HOUSING & URBAN DEV. HON. FIELD OFF.					
Loss Payee Address: 500 ALA MOANA BLVD STE #3A HONOLULU HI 96813					
Premises Number:	003	Building Number:	001	Applicable Clause (Enter C., D., E., or F.):	D
Description Of Property: 94-060 A & B POAILANI CR. WAIPAHU HI 96797					
Loss Payee Name: US DEPT. OF HOUSING & URBAN DEV. HON . FIELD OFF.					
Loss Payee Address: 500 ALA MOANA BLVD STE #3A HONOLULU HI 96813					
Premises Number:	004	Building Number:	001	Applicable Clause (Enter C., D., E., or F.):	D
Description Of Property: 852 & 852A PAAHAN ST HONOLULU HI 96816					
Loss Payee Name: US DEPT. OF HOUSING & URBAN DEV. HON .					
Loss Payee Address: 500 ALA MOANA BLVD #3A HON. HI 96813					
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.					

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

C. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

D. Lender's Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.
2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.

- b.** The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.

- c.** If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:

- (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

- d.** If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
- (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

E. Contract Of Sale Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the **Other Insurance** Condition:

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

F. Building Owner Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

POLICY NUMBER: DCF1200010-00

COMMERCIAL PROPERTY
CP 12 18 06 07**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****LOSS PAYABLE PROVISIONS**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 BUILDERS' RISK COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	005	Building Number:	001	Applicable Clause (Enter C., D., E., or F.):	D
Description Of Property: 1019 KAMEHAMEHA DR HONOLULU HI 96825					
Loss Payee Name: US DEPT. OF HOUSING & URBAN DEV. HON . FIELD OFF					
Loss Payee Address: 500 ALA MOANA BLVD #3A HONOLULU HI 96813					
Premises Number:	006	Building Number:	001	Applicable Clause (Enter C., D., E., or F.):	D
Description Of Property: 1660 & 1660 A LUSITANA ST HONOLULU HI 96813					
Loss Payee Name: US DEPT. OF HOUSING & URBAN DEV. HON . FIELD OFF					
Loss Payee Address: 500 ALA MOANA BLVD #3A HONOLULU HI 96813					
Premises Number:	007	Building Number:	001	Applicable Clause (Enter C., D., E., or F.):	D
Description Of Property: 1703 FERN STREET HONOLULU HI 96826					
Loss Payee Name: US DEPT. OF HOUSING & URBAN DEV. HON .					
Loss Payee Address: 500 ALA MOANA BLVD #3A HON. HI 96813					
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.					

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

C. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

D. Lender's Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.
2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.

- b.** The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
- c.** If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

- d.** If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

E. Contract Of Sale Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the **Other Insurance** Condition:

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

F. Building Owner Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

POLICY NUMBER: DCF1200010-00

COMMERCIAL PROPERTY
CP 12 18 06 07**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****LOSS PAYABLE PROVISIONS**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 BUILDERS' RISK COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	008	Building Number:	001	Applicable Clause (Enter C., D., E., or F.):	D
Description Of Property: 149 KUAHIEI AVE WAHIAWA HI 96786					
Loss Payee Name: US DEPT. OF HOUSING & URBAN DEV. HON . FIELD OFF					
Loss Payee Address: 500 ALA MOANA BLVD #3A HONOLULU HI 96813					
Premises Number:	009	Building Number:	001	Applicable Clause (Enter C., D., E., or F.):	D
Description Of Property: 140 A&B KUAHIWI AVE WAHIAWA HI 96786					
Loss Payee Name: US DEPT. OF HOUSING & URBAN DEV. HON. FIELD OFF					
Loss Payee Address: 50 ALA MOANA BLVD #3A HONOLULU HI 96813					
Premises Number:	010	Building Number:	001	Applicable Clause (Enter C., D., E., or F.):	D
Description Of Property: 99-545 HALAWA HEIGHT RD AIEA HI 96701					
Loss Payee Name: US DEPT. OF HOUSING & URBAN DEV. HON.					
Loss Payee Address: 500 ALA MOANA BLVD #3A HON HI 96813					
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.					

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

C. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

D. Lender's Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.
2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.

- b.** The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
- c.** If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

- d.** If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

E. Contract Of Sale Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the **Other Insurance** Condition:

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

F. Building Owner Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

POLICY NUMBER: DCF1200010-00

COMMERCIAL PROPERTY
CP 12 18 06 07**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****LOSS PAYABLE PROVISIONS**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 BUILDERS' RISK COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	011	Building Number:	001	Applicable Clause (Enter C., D., E., or F.):	D
Description Of Property: 811 19TH AVE HONOLULU HI 96816					
Loss Payee Name: US DEPT. OF HOUSING & URBAN DEV. HON. FIELD OFF					
Loss Payee Address: 500 ALA MOANA BLVD #3A HONOLULU HI 96813					
Premises Number:	012	Building Number:	001	Applicable Clause (Enter C., D., E., or F.):	D
Description Of Property: 3705 MAHINA AVE HONOLULU HI					
Loss Payee Name: US DEPT. OF HOUSING & URBAN DEV. HON. FIELD OFF					
Loss Payee Address: 500 ALA MOANA BLVD #3A HONOLULU HI 96813					
Premises Number:	013	Building Number:	1-3 ABC	Applicable Clause (Enter C., D., E., or F.):	D
Description Of Property: 91-824 HANAHAKI ST A,B,C EWA BEACH HI					
Loss Payee Name: US DEPT. OF HOUSING & URBAN DEV. HON.					
Loss Payee Address: 500 ALA MOANA BLVD #3A HON HI 96813					
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.					

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

C. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

D. Lender's Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.
2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.

- b.** The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
- c.** If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

- d.** If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

E. Contract Of Sale Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the **Other Insurance** Condition:

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

F. Building Owner Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

POLICY NUMBER: DCF1200010-00

COMMERCIAL PROPERTY
CP 12 18 06 07**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****LOSS PAYABLE PROVISIONS**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 BUILDERS' RISK COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	014	Building Number:	001	Applicable Clause (Enter C., D., E., or F.):	D
Description Of Property: 1660 B & C LUSITANA ST HONOLULU HI 96813					
Loss Payee Name: US DEPT. OF HOUSING & URBAN DEV. HON. FIELD OFF					
Loss Payee Address: 500 ALA MOANA BLVD #3A HONOLULU HI 96813					
Premises Number:	015	Building Number:	001	Applicable Clause (Enter C., D., E., or F.):	D
Description Of Property: CITY & COUNTY OF HON. DEPT. OF BUDGET/FISCAL SVC.					
Loss Payee Name: 530 S KING STREET RM #208					
Loss Payee Address: HONOLULU HI 96813					
Premises Number:		Building Number:		Applicable Clause (Enter C., D., E., or F.):	
Description Of Property:					
Loss Payee Name:					
Loss Payee Address:					
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.					

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

C. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

D. Lender's Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.
2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.

- b.** The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
- c.** If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

- d.** If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

E. Contract Of Sale Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the **Other Insurance** Condition:

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

F. Building Owner Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

POLICY NUMBER: **DCF1200010-00**

COMMERCIAL PROPERTY

STATEMENT OF VALUES

Insured **THE ARC IN HAWAII**

Headquarters Address 3989 DIAMOND HEAD ROAD HONOLULU HI 96816

Form of Coverage: Actual Cash Value applies to Items
 Replacement Cost applies to Items

Indicate Form Numbers to which these rates are to apply:

(Attach Forms and Endorsements which require completion to indicate specific information)

Coinsurance 80% 90% 100% Blanket Rate Effective **060412**

Causes of Loss for which rates are requested:

<input type="checkbox"/> Basic	<input type="checkbox"/> Earthquake
<input type="checkbox"/> Broad	<input type="checkbox"/> Other
<input checked="" type="checkbox"/> Special	(Specify)

State exact wording of the coverage as it will appear on the policy

INSURED (Optional with Company) All values submitted are correct to the best of my knowledge and belief. Signed _____ Title _____ Date _____	COMPANY, AGENT or BROKER Statement of Values submitted by: Name _____ Person to Contact _____ Street _____ City _____ State _____ ZIP _____
--	---

For INSURANCE SERVICES OFFICE use only	Basic Group I	Basic Group II
		Other _____